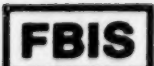


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10 February 1982

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No. 2445

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BRIEFS

SOUTH AFRICAN ENERGY INTEREST--South African Ambassador Frederich Gustav Conradie has advised Mines and Energy Minister Cesar Cals of his government's interest in maintaining an exchange of views with Brazil in the energy sector. He surveyed the energy program of South Africa which uses only 20 percent crude oil, the remainder of the basic supply being extracted specifically from anthracite coal "whose characteristics are very similar to the Brazilian." He noted that in 1970, technicians of the South African Atomic Energy Board discovered and developed a much cheaper new process by which to enrich uranium, adding that South Africa is a large producer of uranium, with uranium oxide production increasing from 4,672 tons in 1978 "to more than 5,000 tons the following year." He pointed out that South African uranium production now amounts to 12 percent of that of the Western world. [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 26 Jan 82 p 33]

CSO: 3001/72

AREA GOVERNMENTS CONCERNED OVER SUGAR INDUSTRY PROBLEMS

Georgetown GUYANA CHRONICLE in English 5 Jan 82 pp 1, 16

[Text]

BASSETTERRE - (GNA)
- Strict measures, including reduced benefits for sugar workers, are among steps to be taken by some Caribbean governments in their attempts to stabilise the region's ailing sugar industry.

1981 has been a tough year for Caribbean sugar, the main or a major foreign exchange earner for several Caribbean nations. And, in efforts to ensure improvements within the industry during 1982, a few Caribbean governments have announced tough plans for the industry.

In his new year message to residents of the twin-island state of St. Kitts-Nevis, Premier Kennedy Simmonds, revealed that sugar workers in St. Kitts-Nevis would not be paid the usual beginning-of-the-crop bonus, because of the financial problems being experienced by the industry.

Dr. Simmonds stated that his government had set in motion the relevant machinery to handle the twin-island's sugar industry problems, but he gave no further details.

And in Jamaica, Agriculture Minister Percival Broderick recently announced his government's intention to liquidate 23 sugar workers co-operatives.

The Jamaican government has said that the co-operatives, which were established during the mid-70's by the Manley administration, had accumulated a debt of \$82 million, due to inefficient management.

The co-operatives have since appealed against the decision.

Meanwhile in Barbados, the island's main opposition party, the Democratic Labour Party (DLP) has predicted that the island's economy is unlikely to show any improvement during the first six months of 1982.

The Barbados sugar industry, one of the island's major foreign exchange earners, last year recorded a debt of over US \$30 million. While the bad weather during 1981 has contributed to poor production and unachieved sugar targets, many Caribbean leaders have also attributed poor earnings to the depressed value of the pound sterling.

In addition, blame has been laid on the resurgence of beet sugar and the effect this has had on the price being offered for cane sugar both by the European Economic Community (EEC) and on the world market.

BELIZE'S PRICE HOPES FOR GOOD REGIONAL RELATIONS

PA301300 Guatemala City Radio-Television Guatemala in Spanish 0400 GMT 28 Jan 82

[Interview with Belizean Premier George Price by (Francisco Cuevas) and other station reporters; date, place unknown--recorded]

[Text] [Question] Mr Prime Minister, could you comment on present relations between Belize and Guatemala?

[Answer] Belize's policy is to be at peace with all of Central America. We always extend our friendly hand to Guatemala. We believe that [words indistinct], our self determination. We are now an independent country. This was a most impressive ceremony [Honduran president's inauguration]. I wish the best to the new [as heard] Republic of Honduras.

[Question] Could you comment on your experiences during Belize's first year as a country?

[Answer] It has been 4 months. We have to work hard. There are many national and international problems, but the Belizean people and government have a strong desire to work and overcome these problems.

[Question] Can the talks with Guatemala be resumed?

[Answer] We hope to reach a peaceful solution [words indistinct] of all of Central America.

[Question] Since your independence, have there been any talks with Guatemala?

[Answer indistinct]

[Question] Mr Price, does Belize feel more Central American (?now that it is) independent? Does it feel it has more support from the Central American countries?

[Answer] Yes, the independence of Belize was supported by Central America but Belize is also a Caribbean country and a member of the Caribbean community. Ever since we joined this community we have been in a position to influence or belong to the Central American organizations.

DOMINICA QUESTIONS ACTIONS OF TWO REGIONAL TRADE UNIONS

Georgetown GUYANA CHRONICLE in English 7 Jan 82 p 7

[Text]

ROSEAU (GNA) — Dominica's Prime Minister Eugénie Charles has deplored the actions of two trade unions — one in Guyana and the other in Trinidad and Tobago — which wrote letters to her government calling for the release of a jailed trade unionist.

The trade unionist, Rawlins Jemmott, is President General of the Dominica National Union of Workers, and is one of 13 persons held by the police in Dominica since last month's armed attacks on the police headquarters and the main jail in the capital. Three persons were killed in the attacks.

A state of emergency was declared after the alleged coup attempt and it is under these emergency regulations that Jemmott is being held along with others suspected of involvement in the armed attacks.

In replying to letters from the Guyana Agricultural and General Workers Union (GAWU) and the Trinidad Communications Workers Union, Prime Minister Charles said that the behaviour of the unions was not what she expected.

"I would have thought that one of the concerns of the trade union leaders would be

the security of the state and I am surprised that these Caribbean trade union leaders did not show any concern for the safety of Dominica, particularly its workers."

She said that asking for the release of Jemmott, regardless of whether he was guilty or not, was to suggest that the government could pre-empt the jurisdiction of the emergency tribunal and the courts.

The Dominica law provides that a person held during a state emergency must have his case reviewed by a tribunal if he is held for more than one month.

Meanwhile, the Dominica authorities have released the text of a cable sent to Prime Minister Charles by the Secretary-Treasurer of the Caribbean Congress of Labour (CCL) after the suspected coup attempt.

The cable said that the Caribbean Congress of Labour, representing workers in all Caribbean countries, is "greatly shocked by the attempt to overthrow the duly elected government of Dominica."

It added: "We strongly condemn this attempt to take over and congratulate the police and people of Dominica for bravery in these trying times."

BRIEFS

LABOR CONGRESS--Bridgetown (GNA)--The Caribbean Congress of Labour (CCL) says it will be seeking in 1982 to open dialogue aimed at decreasing confrontation between trade unions and regional governments, and increasing union participation in national planning. To get the new dialogue going, the CCL plans in the new year to bring together representatives of Caribbean governments, trade unions and employers at a meeting in Barbados, CCL Secretary-Treasurer Burns Bonadie said. Also to be invited to the meeting, Mr Bonadie said, are European parliamentarians. He said that the CCL would like to share the trade union movement's views on matters such as sugar agreements between the European Community and the Caribbean with the participants at the meeting. The Secretary/Treasurer made a review of the past year, describing it as significant and a "coming of age" for the regional trade union movement. [Text] [Georgetown GUYANA CHRONICLE in English 31 Dec 81 p 1]

CANADA TO ACCEPT C.A. REFUGEES--The Canadian Government is willing to accept more than 1,000 of the refugees in Honduras, if necessary. Members of the Canadian Development Agency visited last week the refugee camps and met with ranking army officers. Before leaving Honduras they held a press conference and said that the Canadian Government is willing to accept more than 1,000 of the refugees living in Honduras, which could include Salvadorans and Guatemalans. [Text] [PA271258 Tegucigalpa Cadena Audio Video in Spanish 2230 GMT 26 Jan 82]

CSO: 3010/734

FNM LEADER DONALDSON PAINTS GLOOMY PICTURE OF ECONOMY

Nassau THE TRIBUNE in English 22 Dec 81 p 1

[Article by Anthony Forbes]

[Text]

OPPOSITION Senate Leader Timothy Baswell Donaldson Monday afternoon painted a "gloomy picture" of the nation's economy and declared that figures in the 1982 budget point to difficult times ahead.

Mr Donaldson, an economist and former chief of the Bahamas Monetary Authority and its successor, the Central Bank, also said that the foreign component of the country's total debt is greater than the domestic component.

Speaking during the budget debate in the Senate, Mr Donaldson said that the total debt now stands at \$420 million, with \$220 million in foreign and the remaining \$200 million in domestic debts.

The Free National Movement senator said that sufficient revenue is being generated for expansion in the public sector but that funds from tourism in the private sector are not enough to provide jobs.

"One does not get a good feeling about the budget," the 48-year-old economist said. "I get a distinct feeling that the Government is telling us that there are hard times ahead and to brace ourselves."

Wondering how the nation will emerge from its current economic plight, Mr Donaldson said that Finance Minister Arthur Hanna had informed the nation in his

budget communication that there will be a decline in the Gross National Product.

He explained that the GNP is the sum total of goods and services produced in a country in any given year. He said if the economy grows then the GNP grows, if it doesn't grow the GNP remains at a zero and if it declines, then the GNP declines also.

Mr Donaldson said that import duties are down by \$12 million, gaming taxes are down by \$1 million, tourism taxes are down by \$600,000 and stamp taxes are down by \$3.7 million -- giving a total decline of \$16.9 million expected over the fiscal year ending December 31, 1981.

Projecting a revenue shortfall under projected figures, he said that the GNP will decline which means that the Government's own revenue is down.

He said that one could not expect an expansion in the public sector and that personal income will be affected, businesses catering to tourism will expand less, Bahamians will be spending less money and that stores and other businesses will be affected.

He said that there were two areas of expansion which are the public and private sectors. He said the Government has not indicated any expansion in the public sector and with less tourists coming here, there is likely to be hardly any expansion in the private sector.

He said that the servicing of

the public debt was now \$64.5 million, while \$140 million will be paid out in wages and salaries which combined for a figure of over \$200 million.

"The figures in the budget tell us we are in very difficult times, indeed, and the Government does not have the capacity to expand. What is happening will not allow the private sector to expand," Mr Donaldson said.

He said that in the budget, there are two huge balancing items on the non-tax side, \$10 million expected from the Hotel Corporation and \$17 million expected from oil revenues.

"Without these two items the budget would be in a deficit," he said. "These are critical items in the Government being able to balance the budget."

He also expressed concern over the country's debt and said if the Government borrows the \$64.5 million, the debt will be at a half billion dollars.

He said the overall message from the figures in the budget is that less revenue will be collected this year than last year.

He said that fewer tourists are expected and there will be an overall decrease in tax items.

"This is the picture the Government has painted in economic terms and this is what I have just described," the Opposition Senate Leader said.

FIVE NEW ASSEMBLY SEATS CREATED FOR COMING ELECTION

Nassau THE TRIBUNE in English 23 Dec 81 p 1

[Article by Gladstone Thurston]

[Excerpts] Five new constituencies are to be created bringing the number of seats in the House of Assembly to 43, THE TRIBUNE was reliably informed today.

According to the report of the Constituencies Commission, three new seats are being proposed for New Providence one for Grand Bahama, and another incorporating Bimini and the Berry Islands.

But the leak of that confidential information to the Press has irked PLP chairman Andrew 'Dud' Maynard who warned that the person responsible "had better watch out. A real informed source has to be a member of the committee."

Headed by House Speaker Sir Clifford Darling, the Commission was also comprised of Deputy Prime Minister Arthur Hanna, Mr Justice Denis Malone, Leader of the Opposition J. Henry Bostwick, and St Michael's MP George Mackey.

The proposed additional seats, THE TRIBUNE was told, are to be created based on the redistribution of the electorate as determined by the recently completed census. The Opposition opposed the creation of new seats.

However, the Opposition was outnumbered 3-1 on the Commission--Hanna, Darling and Mackey for the PLP, and Bostwick alone for the Opposition.

The three proposed seats for New Providence are to be called Yamacraw, Sea Breeze and Blue Hill.

Yamacraw is to consist of parts of the Fox Hill and Montagu constituencies; Sea Breeze is to encompass parts of Fox Hill and South Beach constituencies; and Blue Hill is to be composed of parts of Bamboo Town and Carmichael.

In Grand Bahama, West End, including Sweeting Cay, is to become one constituency. Bimini which used to be incorporated with West End is now joined with the Berry Islands to form a separate constituency. The Berry Islands used to be a part of the North Andros constituency.

Early Opposition examination of the changes gives the FNM at least two of the seats. It was argued that there have been substantial shifts towards the FNM in Bimini since the last election and the PLP never got a majority support in the Berry Islands. Also, the FNM feels that it can sweep Grand Bahama two-thirds of which it captured in 1977.

DEFENSE FORCE AIR WING UNVEILS DEVELOPMENT PLANS

Nassau THE TRIBUNE in English 10 Dec 81 pp 1, 5

[Text]

THE DEFENCE Force Air Wing, about to be established with an Aero Commander plane, will be expanded with the purchase of an additional aircraft in 1982, Finance Minister Arthur Hanna said in his budget speech Wednesday.

He also told House of Assembly members that plans that had been underway since the inception of the Defence Force for the development of the Coral Harbour base are expected to materialize next year.

The Defence Force was allocated \$9.2 million "to equip it further with the resources necessary for executing its primary functions."

Mr Hanna listed those as the prevention of poaching by foreigners, prevention of drug smuggling, the curtailment of the influx of illegal immigrants and surveillance and patrol of Bahamian waters.

"Hence the budget provides mainly for the replacement and acquisition of additional craft, expansion of the air wing, the acquisition of equipment and supplies, recruitment of additional manpower and for work to commence on the Coral Harbour Base Development Project," he said.

"It is expected that the air wing, which is about to be established with an Aero Commander will be expanded by the acquisition of additional

aircraft during the forthcoming year," he said.

He said that the 1982 budget also made provision for the recruitment of ground and air staff, which is essential if maximum operational effectiveness of the air wing is to be achieved.

"Plans which have been underway ever since the inception of the Defence Force for the development of the Base at Coral Harbour are expected to materialize during the forthcoming year," he said.

Mr Hanna said this consisted in the rebuilding of North Gate which will comprise the administrative complex and commencement of the Base development project comprising a shipyard with proper docking facilities, barrack facilities, workshops and other buildings designed to place the Defence Force Base on a comparative footing with other similar establishments in the region.

Allied with the expansion of the fleet of air and surface craft is the need for increased manpower of both skilled and semi-skilled categories, he said.

He said this increase in personnel numbers, weaponry and equipment "will go a long way towards equipping the Defence Force to carry out its roles and to maintain the very high standard of effectiveness which it has so clearly demonstrated during its relatively short period of existence."

ABSENCE AT MIAMI MEETING SCORED BY FNM AS SLAP AT U.S.

Nassau THE TRIBUNE in English 7 Dec 81 p 1

[Article by Athena Damianos: "'Slap in Face' to U.S. Is Rapped"]

[Text] THE ABSENCE of a senior Government official at the Fifth Annual Conference of Caribbean Trade, Investment and Development in Miami last week was "a slap in the face" to the US, Arthur Foulkes, Chief spokesman for the Free National Movement, told The Tribune today.

And an American observer at the conference, which was attended by eight heads of government from the Caribbean Basin area, said the US team "certainly would like to have seen the Bahamas take a more active role" in the discussions.

Baltron Bethel, the director-general of the Ministry of Tourism, who was scheduled to attend the meeting, sent Vincent Vanderpool-Wallace, the assistant general-manager of marketing, to represent the Bahamas instead. No reason was given for Mr Bethel's absence at the meeting.

Although the American Embassy said today it would not comment on the matter, it is known that they are not happy that the Bahamas has apparently chosen to take a low profile in the Reagan Administration's Caribbean Basin Initiative (CBI), which was discussed in depth at the conference.

The CBI is designed

primarily to stimulate the economies of Caribbean Basin countries - which includes Central America and Panama - by creating a climate conducive to private enterprise. In July, US Secretary of State Alexander Haig and his counterparts from Canada, Mexico and Venezuela launched the Caribbean Basin Initiative in Nassau.

America became more concerned about developments in the Caribbean following a left-wing takeover last year in Grenada by pro-Castro forces.

And the Reagan administration's policies would appear to indicate that America intends to play a far more "visible role" in the Caribbean area from now on. The administration sees the need for added economic benefits being developed by trade and aid to the area.

"We think it's a shame that the Prime Minister himself didn't take this opportunity to attend this important meeting," Mr Foulkes said. "If he didn't go, he should have sent a Minister."

"We are concerned about Mr Pindling's attitude in this matter, particularly his attitude to the United States and we certainly feel he should have attended this conference," especially as a goodwill gesture towards the US and Caribbean.

Mr Foulkes said there were "a whole lot of things" that could have been put forward at the conference.

"I think the Government committed a faux pas (false step) by not sending a more senior representative. I think they made a grave mistake."

"For the Bahamas not to have sent a more senior person was, I think a slap in the face." Social Democratic Party leader Norman Solomon said that once it was decided that the conference was important enough to attend, the Government should have sent, if not the Prime Minister, then a Cabinet Minister or a permanent secretary at the very least.

"The director-general would have been fine, too," he said.

"To send a more junior person can amount to an insult (to the US), or an indication that the people here just don't really care that much," Mr Solomon said.

He said the Bahamas was unique from the rest of the Caribbean in that it is a more developed country. But, he said if the Government didn't agree with what the US had to offer, it could at least have taken the time to present its own proposals for development.

The absence of a senior official at the conference seems to contradict the PLP

government's stated intention of exploring ways in which to diversify the economy from the fickle tourist industry.

The American observer who attended the conference agreed that the Bahamas Government perhaps thought the country had "already gone that road" and that "a lot of things were not really applicable to the problems there."

"I think the Bahamas would have benefitted if it had sent a more senior representative to the conference," he said.

He said the American team however was "not surprised" that the Bahamas did not show more interest in the conference because they have already "established a pattern." He did not elaborate.

Jamaica's Prime Minister, Edward Seaga, Prime Minister Eugenia Charles of the Dominican Republic and Prime Minister Kennedy Simmons of St Kitts-Nevis were among some of the heads of state who attended the conference.

Some of the leaders expressed doubts however as to whether the Caribbean Basin Initiative will help them out of economic trouble. Washington officials have put the emphasis on private sector initiative and measures to encourage this, rather than direct government assistance to developing countries.

Four leaders said there was no way they could attract the kind of investment the CBI was supposed to foster, unless they had direct aid first.

CSO: 3025/131

NO NEW TAXES PROJECTED AS 1982 BUDGET IS PRESENTED

Nassau THE TRIBUNE in English 10 Dec 81 pp 1, 4

[Article by Anthony Forbes: "No New Taxes in \$370m. Budget"]

[Text] **FINANCE** Minister Arthur Hanna presented Government's \$370 million election-year 1982 budget to Parliament Wednesday, promising no new taxes and projecting an all-time high \$305.1 million in revenue and \$304.1 million in expenditure for a small surplus of \$1 million.

Education with a total of \$69.4 million, and health, housing and welfare with a combined \$53.7 million, again share nearly half of the budget presented in a 134-page, four-hour address to the House of Assembly by Mr Hanna, who is also Deputy Prime Minister.

The defence budget, designed to equip the defence

force with resources necessary to execute its primary functions, was allocated \$9.2 million, nearly one million dollars below this year's defence budget.

The police force, still grappling a rapidly spreading crime wave, was given \$18 million for a \$1.4 million increase over its 1981 allocation.

And Tourism which Mr Hanna said suffered an adverse effect on its growth by declining economic conditions in major tourism markets this year, was allocated \$21.1

million for 1982, or a \$1 million increase over 1981.

The Ministry of Works was allocated \$10.6 million for 1982, one half million over this year's sum.

The 1982 budget represents a projected increase in actual expenditure of \$64 million, which is likely to be decreased by the 1981 recession.

The Government predicts that tax revenues will decline by almost \$17 million to \$226.6 million which is to be offset by a projected \$26 million hike in non-tax revenues.

This year's revenue level, initially projected at \$295.9 million, is expected to fall to \$283 million, a figure which does not include payments expected by government before year end.

Spending on the capital account is projected at \$65.6 million, the same figure as projected last year.

"The estimated revenue on recurrent account for the first time in the history of this country is projected at over \$300 million," he said. "In fact the estimate is \$305.1 million."

Mr Hanna said that he was deliberately cautious and conservative in his projections "but if our strategy for overcoming the effects on our economy of the lingering declining conditions in the major industrialized countries

of the world is successful, the outcome will be even better."

"The estimated expenditure is also at an all-time high," he said. "This is necessary if we are to successfully take our people on the new exciting and progressive adventure to the new frontier."

"The estimated expenditure on recurrent account is projected at \$304.1 million. I predict, therefore, a small surplus of about \$1 million for the year 1982," the Finance Minister said.

Of the \$69.4 million allocated to education, Mr Hanna said, over \$5.5 million is earmarked to the College of the Bahamas for an increase of \$4.4 million or 6.7 per cent over the amount to education for 1981.

The Ministry of Health, Social Welfare and Housing combined allocation of \$53.7 million is an increase of \$2.1 million or 4 per cent over the 1981 allocation.

"The figure for debt servicing now stands at \$64.5 million as a result of increase in borrowings for resort development purposes," Mr Hanna said.

He told members of the House that Government does not propose any additional taxation measures.

"For each year for the past several years this government announced that there would be no introduction of new or increased taxation," he said.

"In many instances the government has reduced taxes."

"The government will, therefore, initiate new administrative measures to ensure that those who are not entitled to pay taxes do not pay them even by mistake," he said.

Mr Hanna said that new tax concessions will be offered to those persons and organizations who are in the business of assisting the social, cultural and economic development of Bahamians.

He said that some of the projected expenditure in capital account for 1982 estimated at \$65.6 million is for the purpose of carrying out works which have already been committed.

"In some cases work is in progress. In other cases although work has not begun, contracts have already been signed," he added.

He said that in the 1982 budget he took into account all the measures designed to assist the following: provision of jobs in the shortest possible time; continuation of reasonable and modern health care, expansion of social services; elimination of substandard and bad living conditions.

Also the 1982 budget would assist in the provision of homes, aid to fishermen, completion of road building, provision of telephones, extension of electricity and water, repair of public water faucets, expansion of tourism, introduction of new industries, continued and expanded education, expansion of recreation and sport facilities and protection against crime, said Mr Hanna.

Dealing with the performance for 1981, he said that declining economic conditions in major tourism

markets in the US, Canada and Europe had an adverse effect on tourism growth during 1981.

"There were other unpredictable and unforeseen negative circumstances which affected tourism growth even further," he said. "Notwithstanding the government's efforts, there was still a slight decline and as a result revenue suffered to some extent."

He said that another factor beginning to impact on Customs duties is import substitution.

"As I mentioned earlier every effort is being made to expand our industrial base through the operations of the Industries Encouragement Act," he said.

Mr Hanna said that during 1981, 11 companies were approved for registration under the act, and together with companies previously registered, "are bound to affect our Customs revenue."

He said that the act provides for duty free importation of machinery, equipment and raw material relevant to the industry, while increased domestic consumption of locally produced goods will reduce the value of goods which must be imported and hence the import duties.

On the other hand, he said, increased industrial activity which will decrease our dependency on imported goods, should, in the long run, impact favourably on our balance of payments.

He said that this is reflected in the somewhat "holding pattern" of actual customs revenue collections so far for 1981.

He said that customs duty collections which constitute the main source of our revenue have, so far this year, not registered the significant

increase which was anticipated and as has been the case during the past three years.

"I can assure you, however," the Finance Minister said, "that our statistics show that actual collections for 1981 will surpass the 1980 level."

He said that he has instructed officials of his ministry to pursue more vigorously the objective of ensuring that all revenues due the government are collected promptly.

"It is through this effort that I expect that the overall performance target which I set at the end of 1980 for the year 1981, could be realized in great part," he said.

He said that in his last budget communication he had projected the estimated revenue was expected to reach \$295.9 million and that there would be a surplus on the recurrent account of over \$25 million for 1981.

"During the course of the year I have monitored very closely the performance of our revenue and expenditure transactions and as a result I have deliberately revised downwards the recurrent expenditure so as to maintain the relationship with anticipated revenue receipts."

"Therefore I expect revenues to reach approximately \$283 million and expenditure \$268 million, thus bringing a surplus on recurrent account of approximately \$15 million.

"I have utilized this surplus to assist in the funding of our 1981 development programme," he said.

He said that the anticipated figure of \$283 million was subject to be increased "as it does not reflect certain repayment of funds due the government and which are likely to be paid during 1981."

UNEMPLOYMENT DOWN ACCORDING TO 1979 FIGURES, SAYS HANNA

Nassau THE TRIBUNE in English 10 Dec 81 pp 1, 10

[Text]

THE UNEMPLOYMENT rate in the Bahamas fell 9.7 per cent in two years and in 1979 stood at 16.6 per cent, Deputy Prime Minister Arthur D Hanna told Parliamentarians yesterday.

In unveiling the Government's \$370 million budget for next year, Mr Hanna said Grand Bahama continues to enjoy relatively lower rates of unemployment than New Providence, the latest estimates in 1979 being only 7 per cent.

The labour force in New Providence and Grand Bahama, which is estimated to be slightly more than 80 per cent of the total labour force, Mr Hanna said, increased by some 23.8 per cent and 34 per cent respectively over the period 1973 to 1979.

The labour force in New Providence in 1979, he said, was estimated at 60,400 persons, while Grand Bahama's labour force stood at 18,600 persons.

The working portion of the labour force in 1979, he said, stood at 50,405 and 17,316 in New Providence and Grand Bahama respectively.

"These employment totals for 1979 indicate obvious improvements over the

recession years 1975 through 1977 when employment in New Providence hovered around 41,000 persons and the work force in Grand Bahama averaged 14,000; 10,000 in 1975 and 17,300 in 1977," Mr Hanna said.

"The obvious gains in employment over the period particularly in New Providence and particularly since 1973 had been more than sufficient to offset the growth in the labour force with the result that there has been a noticeable reduction in the rate of unemployment which was down 9.7 percentage points since 1977, from 26.3 in 1977 to 16.6 in 1979," Mr Hanna said.

Total household income for the Bahamas for 1977 was estimated at \$383 million averaging \$8,500 per household, he said. In New Providence the total for the same year, he said, was \$229 million averaging \$8,800 per household.

By 1979, Mr Hanna said, average income per household in New Providence and Grand Bahama was up to \$12,500 in New Providence and \$17,000 in Grand Bahama - increases of 42 and 45 percent respectively.

"Most of the increases in household income in New

Providence in 1979 went to households headed by Bahamians thus closing the gap between the income of households headed by Bahamians and that of households headed by non-Bahamians," Mr Hanna said. "Total income to households with Bahamians as heads increased by 48.5 per cent, while that to households with non-Bahamian heads increased by only 16 per cent."

At the end of the third quarter of 1981, the year-on-year change in retail price index for New Providence, Mr Hanna said, stood at 9.51 per cent, compared with 11.69 per cent during the corresponding period last year. Additionally, he said, the rate of inflation has been steadily declining during the year.

"We started the year with an inflation of 11.22 per cent in January which remained relatively stable until June when it jumped to 12.89 per cent," Mr Hanna said. "It dropped to 12.39 in July and has continued to decline steadily ever since, reaching a low of 11.92 per cent in September. And should the rate of decline continue we estimate an inflation rate of 11.03 per cent by year-end."

FIGUEIREDO TO MEET REAGAN IN WASHINGTON IN MAY

PY262333 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 26 Jan 82 p 5

[Article by Washington correspondent Ruy Barbosa]

[Text] Washington--President Joao Figueiredo will hold a summit meeting with U.S. President Ronald Reagan, probably on 12 May, during a 3- or 4-day official visit he will make to the United States. Figueiredo's visit to the United States is still being arranged in secrecy, but Itamaraty and the state department, in principle, have accepted 12 May as the date for the summit meeting.

Figueiredo's visit to the United States will be officially announced within a few days. He was supposed to pay an official visit to Canada last year, but postponed it due to his state of health. Therefore, it had been understood that the first official visit the Brazilian president would make abroad would be to Canada.

According to well-informed sources in Washington, Itamaraty is in contact with the Canadian Government in order to solve this diplomatic slip-up. The possibility that Figueiredo may also visit Ottawa during his trip in May has not been dismissed, although it is considered quite unlikely here.

According to the preliminary schedule jointly being prepared by Itamaraty and the state department, the Brazilian president would arrive in Washington on 11 May, would meet with Reagan on the 12th and remain in the U.S. capital until the 13th or 14th.

In Washington, the high echelon political, university and business leaders interested in the U.S.-Brazilian relationship, who were confidentially informed about the Brazilian president's upcoming visit, have already started making arrangements to try to assure his presence in various ceremonies. The Brazilian-U.S. chamber of commerce is willing to hold its 6th plenary meeting during Figueiredo's visit, with the hopes that he will be present at the opening session.

The pomp and circumstance which obviously will surround Figueiredo's visit, however, will only be for public consumption. Since his work schedule will be a very busy one. Reagan, on his part, is interested in obtaining Brazil's approval and, if possible, cooperation in his effort to contain Marxist expansion in the hemisphere through Cuba and Nicaragua. Brazil, on its part, has great hopes that the meeting between the two president's will have a positive impact on blocking of actions proposed by U.S. industrialists close to the White House and the department of commerce which seriously threaten Brazilian exports of steel and shoes to the U.S. market.

CSO: 3001/73

NETTO DISCUSSES ECONOMIC RESULTS, PROBLEMS, FORECASTS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 15 Jan 82 pp 26, 27

["Main passages" of interview with Planning Minister Antonio Delfim Netto by Antonio Carlos de Godoy, Jaime Matos de Sa, Jose Marcio Mendonca, Luiz Nassif and Milano Lopes: "Industry to Be Critical Point in 1982"; date and place of interview not given]

[Text] The Planning Secretariat of the Presidency acknowledges that industry is the critical point for the strategy of renewed growth in Gross Domestic Product [GDP]. And Planning Minister Antonio Delfim Netto promises that he soon will take steps to correct that situation. Industrialists should not expect any high-flown measure. Just "a slight push," says Delfim. After all, his policy is only to take advantage of any improvement in the balance of payments. And this means having growth of 6 percent at the most in 1982.

This summarizes the priority study by the Planning Secretariat as this new year begins. Delfim Netto--in an exclusive interview granted O ESTADO DE SAO PAULO and JORNAL DA TARDE--declined to discuss how he intends to prepare this revitalizing "slight push" but his advisers are known to be working on it busily.

There apparently will be no control of interest rates: "The foreign rate will represent the floor of the domestic rate for many years to come," says Delfim. That is, separation of the two depends upon further surpluses in the trade balance.

Generally speaking, it is seen that the manager of Brazil's economic policy is focusing his attention this year on controlling foreign accounts. It is his way of making the "room" he speaks of for gradually resuming growth of output. This does not mean that the other factors over which the government keeps a tight rein are being left to run freely. Inflation, for example, continues to be an underlying concern. According to Delfim, one point where it is currently manifest is in wage policy. Despite this, he pledges, the order to change it will not come from the Planning Secretariat.

In 2 hours of discussion with O ESTADO DE SAO PAULO and JORNAL DA TARDE reporters, the planning minister talked extensively about

about these subjects. And he said more: about participation of domestic enterprise in projects such as Jari and Carajas; about termination of large (inflationary) public works; about objectives and instruments of foreign trade; about agriculture, the Social Security deficit and the price of gasoline. On this and the next page [as published] appear the main passages of the interview.

'Room for Moderate Growth'

[Question] At the end of 1981 you said the economy had gained some room for growth due to reduction of external restraints. Under these conditions of high interest rates, do you still expect growth of 4 to 5 percent?

[Answer] Industry is growing a little; agriculture should have quite adequate growth despite the coffee decline; I think we'll have a really sizable grain crop. Services will continue growing.

[Question] Even with these interest rates?

[Answer] The critical factor, really, is industry; and in industry we will have to give a slight push.

[Question] Will the IOF [Financial Transactions Tax] change?

[Answer] No.

[Question] Couldn't this "slight push" turn out to be greater than expected and take up more room than is available?

[Answer] To err is human. What we want is growth. We have room to grow, let us say, about 5 percent without creating major problems. In any event, we have room to grow without creating balance-of-payments problems. What I hope is that we will take up that room.

[Question] Would this be mainly through utilizing idle capacity?

[Answer] Of course, if only because you will not invest until your capacity is being utilized at a certain level.

[Question] Does that mean a return to 8 percent growth is unlikely in 1982?

[Answer] I'm afraid that is quite unlikely. I would like to see 14 percent growth, but we have no way to finance the current-account deficit. But we really must grow. We now have room to grow at a moderate rate--5 or 6 percent.

[Question] There is disagreement about GDP growth last year. What is the Planning Secretariat's estimate?

[Answer] We are looking into this. Clearly, the IBGE [Brazilian Institute of Geography and Statistics] sampling procedure favors large companies and Sao Paulo. So the IBGE is making a complete official survey, using the census and taking up

the year 1981. I imagine output will have grown; I can't tell you the figures that are being used, although the estimate for coffee production came out Tuesday. Jesse Montello's estimate, which is a regression equation, has its shortcomings and its advantages; sometimes it yields a positive figure and sometimes not. So we will have to wait for a positive figure--or any figure.

[Question] What about Chacel's?

[Answer] Chacel didn't make any estimate.

[Question] He estimates something between zero and minus two.

[Answer] We have to wait for the numbers.

'Foreign Rate Will Be Floor'

[Question] At the beginning of this week the president of the National Confederation of Industries [CNI] seconded the arguments of the FIESP [Sao Paulo State Federation of Industries] in regard to interest rates as an inhibiting factor in revitalizing the economy. You do not agree with that position. We should like to go into this matter in greater depth.

[Answer] Obviously, anyone who had been accustomed to receiving a substantial subsidy in the interest rate, who was receiving financing at a prefixed 20 percent rate, thinks any rate of interest is brutal. How was it possible for the industrial sector to receive this subsidy? Who was paying it? There are two possibilities: either there is really an invisible hand that can create money and give it to them--in which case it was really a mistake to eliminate subsidies, as the invisible hand stopped working and they no longer received any subsidy--or whoever was paying the subsidy is no longer paying it. In society as a whole there was no change. There was simply a redistribution of income benefiting those who had been paying the subsidy. As there is no reason to believe in the invisible hand--either that of Adam Smith or that of the industrialists--I think someone was paying the subsidy. And the benefits today of not having the subsidy go to those who had been providing the money to transfer credits. Obviously, an interest rate of 35 percent made any investment feasible. When the real interest rate is negative, there is no investment that is not warranted. Now, as long as we had the money, it was possible. Without money, it is impossible.

Hence, the first problem is this: it is an illusion to think that they were receiving the financing with an interest rate subsidized by resources produced outside Brazil.

[Question] You mean that if they had not been so accustomed to subsidies, they would consider the interest rate modest?

[Answer] I'm not saying it is modest. Interest rates are high everywhere in the world. What is the interest rate in Brazil today? It is the expected inflation rate plus the foreign interest rate. And the portion of the interest rate that is equal to the inflation rate cancels itself out. That leaves us with an interest rate equal to the foreign rate, plus a spread of about 2 percent.

[Question] What is the cost of credit today?

[Answer] At the margin--that is, for those who really must borrow--it must be about 120 to 125 percent. The rate of inflation is about 95 percent. Nobody borrows money for more than 6 months. When money is borrowed for more than 6 months, it is being borrowed with prefixed monetary correction.

[Question] Does the prefixed rate of interest also reflect an expected rate of inflation?

[Answer] Of course, but the inflation that is part of the interest rate cancels itself out. The real rate of interest is the foreign rate plus the spread. The bulk of the money they receive to finance working capital through discounting receivables does not cost this rate. It is much less than this. The bulk of the money they receive from government banks--which is substantial--costs much less than this. On the average, the money they are borrowing probably costs in the neighborhood of 110 percent. And the fact of the matter is that the bulk of this is deducted on the income-tax return.

[Question] The economy has positive interest rates at a level that probably is incompatible with an increase in GDP at the rate you mentioned.

[Answer] To finish up the discussion about who was paying [for subsidized interest rates], the fact is that whoever it was no longer wants to pay. He is saying: "I won't pay any more." This expansion we are going to have will come about through utilizing idle capacity. If you were to tell me that these interest rates, that must cost about 20 to 22 percent in real terms, inhibit investing, as there are very few investments whose rate of return is greater than 20 percent, that is true. But does utilization of idle capacity have anything to do with this? Of course not.

[Question] In terms of consumption, the interest rate pays for itself every month.

[Answer] Exactly. What is the current-account deficit? It is the difference between actual investment and actual savings. If investment minus savings does not decline, the current-account deficit is not covered. Covering the current-account deficit means either reducing investment or increasing savings. And what happened in Brazil? Investments of the government continued, private investment was reduced and savings increased. What was the current-account deficit? One billion dollars. Despite all this effort, the effect on current accounts was relatively modest.

The effect that interest rates were to exert on prices has taken place. The industrialist says that interest rates are high. Of course they are. But they are included in the price, are they not? Or did they pay for the difference in this year's interest rates themselves?

Consumption will no longer increase as rapidly as it did before.

[Question] There seems to be a certain rigidity in the domestic interest rate. Last month the LIBOR [London Inter-Bank Offered Rate] and the prime rate, which reached very high levels last year, began showing a declining trend; domestic inflation also fell. Only the domestic interest rate failed to follow this trend.

[Answer] It fell a little.

[Question] But, apparently, much less than had been expected.

[Answer] Let's take inflation into consideration. You had [an inflation] component, broadly speaking, of 100 percent and you have a foreign component that is 20 percent. The foreign component, let us assume, suddenly falls from 20 to 15 percent. If the prospect of inflation does not change, your interest rate goes from 120 to 115 percent. This shows that the nominal domestic interest rate is extremely insensitive to the foreign interest rate but is much more sensitive to the prospect of inflation.

[Question] But isn't it also sensitive to the pressure the government itself must exert because of the domestic debt, both to roll it over and to borrow additional money?

[Answer] Yes. And I should add that what we are trying to do right now, and what we must do, is reduce the government's deficit. If you constantly resort to domestic borrowing, you eventually drive interest rates higher.

[Question] This year we will probably borrow about \$13.6 billion abroad.

[Answer] Maybe a little less; about the same as last year.

[Question] If foreign interest rates rise much, will the government try to pass some of it through to domestic rates or will policy remain the same as last year?

[Answer] For many years to come, the foreign interest rate will represent the floor for the domestic interest rate. In the past, it was much simpler and it will be simpler in the future. To the extent that we begin having more substantial trade surpluses than we have had in the past, the rate of exchange correction will be, essentially, equal to the domestic rate of inflation minus foreign inflation.

But not today. As we have a really urgent problem, to create a trade surplus you have the rate of exchange correction exactly equal to domestic inflation.

Let's think for a minute about last year. The average interest rate must have been about 16 to 17 percent; foreign inflation was about 8 percent. The real interest rate abroad, let us say, was about 8 or 9 percent. And what is the real interest rate here? Assuming there was no spread, it was 16 to 17 percent, because the exchange-rate correction was exactly equal to monetary correction, the rate of inflation. When it happens, as it will happen to the extent that there is room, let us say foreign inflation is 8 percent and domestic inflation is 50 percent. The exchange rate is corrected 42 percent, which is to say the domestic interest rate becomes exactly equal to the foreign interest rate.

So you have these two restraints: the first restraint is that you must keep the domestic interest rate higher than the foreign interest rate so that capital continues to flow in; second, due to pressure from the trade balance, you must keep the exchange-rate correction equal to the rate of domestic inflation. This means you are devaluing in real terms. These two restraints will eventually end to the extent that the foreign problem is solved.

'Political Restraint to Changing Wage Law'

[Question] Finance Minister Ernane Galveas said the wage law causes an "explosive effect" on inflation. An "explosive effect" in the sense of increasing it?

[Answer] Whether it causes an explosive effect depends upon the correctives that were applied. On the day the wage law was passed I gave instructions to the IBGE to compute the rate of unemployment. Why? Because economics is much more similar to biology than to mechanics. If you squeeze it at one place, it bulges at another. It has a tendency to internal equilibrium that makes a correction. When an exaggerated effort is made to establish a real wage greater than that which is acceptable to existing relationships all groups simply defend themselves. To the extent that I cannot pass it along through prices--as there is restricted demand--the wage effect will cause unemployment. It happens that in one way or another there is an adjustment. A significant portion of this unemployment is a product of this. If we look closely we shall see that we dug a hole into which, each time there is a wage increase, the worker is dumped, to be fished out again 4 months later.

[Question] Does the planning minister, responsible for overall coordination of economic policy and for combating inflation, consider the wage policy inflationary?

[Answer] Wage policy certainly is inflationary.

[Question] And the planning minister is responsible for combating inflation. Why doesn't the planning minister take the initiative of proposing a change in wage policy?

[Answer] Because we have already changed it. The change that was made led to this result you see today. What is happening is that we are transferring income from one person's salary to another's. The fact of the matter is that if we look at wage distribution, the only thing we have done is that above 10 times the minimum wage the arrangement is between the employee and the employer.

[Question] In the Planning Secretariat and in other ministries of the economic area, are there studies to consider changing the law?

[Answer] Either you change the law or you continue this redistribution.

[Question] Why is your ministry not taking the initiative of the change, since it is responsible for this?

[Answer] Because there are restraints of a political nature.

[Question] In the case of the wage law, income transfer accelerates to the extent that inflation accelerates. When your ministry was making studies to create the law, weren't simulations run that would have enabled you to know in advance whether this acceleration of income growth would occur and would thus generate extensive effects, before the law was passed?

[Answer] There you have a problem of cause and effect. A significant portion of inflation was due to the law. If the rate of inflation were zero, forgetting the

13th-month salary, you would be receiving exactly 12 [monthly] salaries. To the extent that the rate of inflation increases and the correction is annual, what is the effect? It is to reduce the salary; it is a physical tax. So by the time the inflation rate is 30 percent, you are in effect receiving only 11 monthly salaries.

You have a curve which says that the number of monthly salaries you effectively receive, depending on the rate of inflation, when you change the correction to semi-annual, this pushes the curve upward. You were in a 40 percent salary [sic; inflation?] bracket and were receiving 11 months, or 10 and 1/2. One comes to the following conclusion: Can you arbitrarily change the real wage? Is the wage [rate] really an arbitrary datum? Not in any theory. If you are a Marxist, the wage is a historical datum; if you are an "exarcebado" [translation unknown] economist, the wage is given by the marginal productivity. That means, come what may, any one of us knows intuitively that the real wage is not an independent variable, is not an arbitrarily fixed parameter.

[Question] With the large inflationary component that occurred in November 1979, wasn't it rash to include the maxidevaluation, include a large creation of public credit in the first 6 months, include a prospect of high growth during the year, counting on an agricultural crop that would be harvested in April or May?

[Answer] Just the opposite. Had not all prices been decontrolled, the system would have exploded. How can the system absorb a 9 percent increase in real wages? It happened that this curve shifted and sought another point; that is, essentially, the real wage continues exactly the same, although with a much higher rate of inflation. These are not arbitrary matters. Whatever theory you follow, these things do not happen that way.

[Question] Then the wage law is no good?

[Answer] I didn't say the wage law is no good; I said the wage law has its drawbacks. Obviously, it also has its advantages. The person who makes up to 3 times the minimum wage is very pleased.

[Question] But the people who make more than 3 times the minimum wage are against it, the FIESP is against it, the CNI is against it, the people who make up to 10 times the minimum wage are against it...

[Answer] Up to 11.5 times, let us say, which is the upper limit.

[Question] Everyone wants a change, but only the government can make a change.

[Answer] If it were an authoritarian regime... In 1980, only I and my mother were proposing this. Until now I have made statements about the wage law favoring it. I made the best correction I considered possible.

[Question] How long will we have to pay this?

[Answer] As long as you do not change the law; I have nothing to do with it.

I think the law has its shortcomings. The semiannual modification is absorbed--as I said--once and for all. I believe the law also produced favorable effects. Obviously, an enormous redistribution of income, which is what you were asking for.

[Question] Assuming you could change the law, without restrictions, what would you do?

[Answer] I can't tell you that.

[Question] The same percentage of INPC [National Consumer Price Index] and semi-annual adjustments for everyone?

[Answer] I'm not in favor of anything; I'm in favor of the law.

[Question] But, in terms of inflation, would a single INPC for all wages be in keeping with the Planning Secretariat's expectations?

[Answer] I'm sorry, but I cannot divulge the Planning Secretariat's expectations; they are quite different from that.

'Anyone Who Wants May Participate in Jari'

[Question] It was said that participation by Brazilian business firms in the Jari project will not later prejudice their participation in the Carajas project. Why not, since we all know that Brazilian business firms do not have abundant savings?

[Answer] Anyone who wants may participate in the Jari project. Those who can afford to get in, may do so; those who can't, stay out. Participation in the Carajas project likewise is for those who can and want to invest. One million dollars per year does not exhaust the savings capacity of these people, which is much greater than that. If someone wants to diversify, he can diversify.

[Question] Although the Brazilian government is getting out, it is the Bank of Brazil that will support this project.

[Answer] There is a difference. This is an arrangement that shows the government's preference to move in the direction of private ownership.

[Question] Investing 180 billion cruzeiros, or 3 times as much?

[Answer] Our capital-stock participation will be in preferred shares redeemable by the [common-stock?] shareholders. The Bank of Brazil is participating as a lender, not as an investor.

[Question] What will be the cost of financing?

[Answer] The foreign interest rate plus exchange correction. As if it were a foreign loan. Redemption of preferred shares or their purchase or eventual conversion is at book value; there is no subsidy.

[Question] How much will the government invest later in infrastructure?

[Answer] Now, that is the government itself. We don't want the Antunes group to provide police, courts and schools. The previous concept was that of a closed system; the new concept is that of an open system. Naturally, public activities and services must be provided by the public sector.

[Question] But, according to the document distributed by the Bulhoes Pedreira law office, the government was willing to finance at good interest rates those who decided to participate.

[Answer] That isn't true. The businessman may participate only by investing his own capital; it has nothing to do with the government. The Antunes group or the others. The book value of the project is 2.5 or 3 times greater than the purchase price. So the rate of return is entirely different. If I have a business that is worth 700 and is earning 70, or 10 percent, and I buy it for 200 and it continues returning 70, unless I am mistaken, I am making 35 percent, am I not?

[Question] If it's all that great a deal, why did there have to be so much intervention by the Planning Secretariat?

[Answer] There was no intervention whatever. No one was persuaded by the planning minister. Some received a telephone call; there are some who are talking but who did not receive any telephone call saying that they would receive a study to analyze and, if they thought it was worthwhile, they could participate. Anyone who tells you otherwise did not receive a telephone call. The important thing is this: no one was pressured in any way; everyone received the same type of invitation, which they are analyzing... It is a good deal for this very reason, because something will be bought at a price much less than book value.

[Question] Why did some, such as Antonio Ermirio de Moraes, for instance, turn down the invitation?

[Answer] Each one does as he pleases. If I have a better investment than this, I have to make it. We want our domestic business firms to invest their funds in the best way possible. If someone does not want to participate in this, if he would rather wait for the Carajas project, let him do so. It is quite all right; no one is being forced to do anything.

[Question] There is criticism by Ermirio de Moraes about the way in which it was sold to ASA.

[Answer] It was sold in the same way it was offered to him. Does he mean that if it isn't good enough for him it can't be sold to anyone else? Antonio is one of the biggest businessmen in this country. He has remarkable intuition; he knows what is in his best interests and he goes about it brilliantly. What Antonio does is perfect, from Antonio's point of view. And he's right. If there is a businessman in this country, it is Antonio Ermirio de Moraes. He has his own ideas. And what of that?

[Question] Returning to Jari and Carajas: does the Brazilian business community have the resources for both of these undertakings?

[Answer] I hope so. I am watching them submit projects. The number of projects for Carajas is growing; each week two or three more projects by Brazilians arrive.

[Question] But without thinking of the money the government can give them?

[Answer] There isn't any government money; that is a thing of the past. Every day you write an editorial favoring private ownership; don't talk to me about the government. What is the significance of the Carajas project? Carajas is significant as a springboard for exports; Carajas is significant as an irrigation program. The critical point is the balance of payments. Every project that matures more rapidly, that accelerates exports, that reduces imports is a vital project helping you free yourself more quickly from external restraint.

Carajas will change the face of Brazil; it will give employment to many workers; it will greatly increase demand for capital goods. Last year alone, \$1.2 billion of orders; this year, the same amount or a little more. It is a project financed entirely from savings; none of it from hot air. When history records it, when Carajas is finished, it will be seen to be this country's best-financed project.

[Question] Without denationalizing?

[Answer] Without denationalizing. Greater Carajas, which will follow Carajas Iron, is all ready, without any problems. Obviously, it is a big investment.

'Projects Transcend Savings Capacity'

[Question] Are there political restrictions in 1982 on a more accommodating implementation of the monetary budget?

[Answer] The fiscal budget was projected, the monetary budget was projected, the SEST [Secretariat for Control of State Enterprises] budget was projected according to the funds available to us, and we intend to stay within those limits.

[Question] Won't there be any political pressure related to the elections?

[Answer] I don't think so. What the government had to do is already in the budget.

[Question] Does the government have any plans for tax reform?

[Answer] No. Government accounts have three budgets: the fiscal budget, the monetary budget and the SEST budget. What you must do is see that these three budgets add up to an equilibrium or that they are approximately in balance. When the government resorts heavily to the bond market it is because this equilibrium was not achieved. Obviously, they had been out of balance, but we are moving toward equilibrium. We started far out of balance and are moving toward equilibrium. The year 1982 will be in even better balance than 1981. So much so that we are planning to go to market with 200 billion cruzeiros.

[Question] Disequilibrium has always been blamed on the SEST budget; every year it is said that the state enterprises are out of control; every year they find another way to escape. Just last year they were at least 20 percent over budget.

[Answer] In the course of the year things don't happen exactly as had been expected in the beginning; one price rises more, another rises less; one sector expands more, another shrinks. What is important is not the difference between what was estimated, let's say the amount of revenue received, but what the deficit was estimated to be and what it actually was.

[Question] Then in this case also there were some inconsistencies with the policy of growth. For instance, expenditures by state enterprises in 1981 increased 120 percent over 1980.

[Answer] But this includes wages of public-service employees, which rose 115 percent.

Total investment is public investment plus private investment. Private investment declined much more than public investment. Public investment rose, in real terms. What may be said is this: Why did private investment decline? Ah, now that is the pertinent question. Why was it necessary to go to market with almost 500 million cruzeiros of bonds? Essentially, to finance performance of this program in a less inflationary way.

The fact of the matter is that the sum of all government projects underway greatly exceeds the government's savings capacity. That is the origin, the basic cause of all disequilibrium. That is the fundamental problem; first, it exerts this pressure on the domestic market and in 1982 it will no longer exert any pressure on the balance of payments. We are not beginning any new projects and we are terminating, in one way or another, all projects that were underway. This means in the SEST budget a complete balance between domestic and foreign funds. And we are going to terminate the projects; this year the National Iron and Steel program is ending and we will have progress in COSIPA [Sao Paulo Iron and Steel Program], which ends next year. We should also terminate ACOMINAS [Minas Gerais Steel Company]. The structural part of the Steel Railway is practically finished; both subway systems are nearly finished. Itaipu terminates this year. That leaves us with Tucuruí, which was launched this year.

There are only two solutions: either stop the whole program and balance the budget, or complete the program. When people write about the program they are all for it, but when they have to sit in my seat they want to cancel it.

So we must understand this: Brazil's fundamental disequilibrium was caused by the government, which got involved in a much larger program than the nation could afford. This is the main point, the factor that produced the balance-of-payments deficit and that produced the inflation we have now.

[Question] What is the share of domestic savings in the economy's aggregate investments? Is it possible to quantify this?

[Answer] Savings, of course, increased. And the government, of course, used up most of this savings. The rate of investment did not grow very much, however, because a sizable portion of the increase in savings went to close the external gap, the current-account deficit. If you are trying to invest more than you are willing to save, that difference will show up as inflation and as a deficit in current accounts.

[Question] Isn't it time to rethink the nation's whole tax structure?

[Answer] You think the tax load in Brazil is small? The tax load here is the total volume of taxes compared with output. It is high, one of the highest in the world. So the solution is not to adapt the tax system to your ambitions but to adapt your ambitions to available resources.

'Take Wheat to Savanna'

[Question] Returning to agriculture: will there be a decline in coffee [production], for example?

[Answer] Now, what did I just say? That coffee [production] will drop. Coffee [production] rose 96 percent this year. I don't know how much it will be next year, but it will not fall from that; it will be about that.

[Question] You said recently that you are expecting a good increase, based not on planted area but on yield.

[Answer] I was speaking of wheat. The area planted to wheat decreased but production will increase.

[Question] The domestic cost of producing wheat is much higher than the cost of imported wheat. Isn't it virtually suicidal to persist in a policy of domestic production?

[Answer] We have to distinguish between social cost and private cost. The social cost of producing wheat is very low. If I am going to plant soybeans [during the following season], I have the machinery available, the farmhands are standing around, I have already put in fertilizer. What am I going to do? Let the land lie fallow? What is the social cost of planting wheat? It is very little. Social cost is what I am sacrificing from production in order to produce wheat. It is nothing, even though to remunerate production of wheat requires a price much higher than the foreign price. On the other hand, foreign wheat has a gigantic subsidy. That is a fact. The comparison is not very favorable. Although on the one hand it certainly represents a higher private cost, on the other hand it has a much lower social cost and creates employment, generates income, produces demand for industrial goods, things that imports do not do. Just as soon as you have a crop to replace wheat, then of course your reasoning becomes entirely valid, because the social cost increases. That is why we are getting ready to take the wheat to the savanna, where it can be produced at much lower cost.

[Question] Then wheat output is a matter of the soil's productivity?

[Answer] No. The question of producing wheat in the savanna region today is simply an adequate irrigation system.

[Question] Is the difference in cost between producing in the South and producing in the savanna the productivity of the soil?

[Answer] It isn't that alone. The wheat crop in the South fails 7 times out of 10. That's why its price is so high. Every 10 years there are 7 poor harvests. You have to charge an average price that will also compensate for those 7 years of lower production.

'Dramatic Reduction in Imports'

[Question] The government is predicting exports of \$28 billion for this year. Can that objective be attained with the type of exchange correction you are planning, being forced to withdraw part of the export credit?

[Answer] To the extent that you correct the exchange rate at the level of the inflation rate you are already creating a real devaluation equal to the rate of foreign inflation. The goal is \$28 billion. I think we have a good chance, with all these ingredients. Of course, everyone will be protecting himself, and I consider it normal for [all countries] to protect themselves. Right now you have a problem with steel in the United States. It is normal for them to protect their own industry and it is normal for us to protect ours also.

[Question] Then Brazil should try to maintain the policies that help exports the most and try to negotiate when problems arise?

[Answer] Exactly. But we already have an agreement with the United States that is quite reasonable.

[Question] The government is expecting a surplus this year, but isn't it underestimating the growth of imports if it intends to reactivate certain economic sectors?

[Answer] Of Brazilian imports, petroleum accounts for half, the government for one quarter and the private sector for one quarter. For petroleum we know growth in 1982 will be nearly zero. For the government the SEST budget is \$64 million less than last year. Hence, zero. For imports to increase 12 percent, private-sector imports must increase 48 percent.

The Figueiredo administration's only two projects are Carajas--where government financial participation is nil--and the irrigation program, which is financed from the foreign credit of wheat. In fact, we are planning for a dramatic reduction in the government share to one-eighth of total imports next year.

Social Security Deficit

[Question] All studies evaluating the Social Security crisis point to a drastic reduction of the government's contribution.

[Answer] Wrong. No evaluation indicates this. And if it does, it doesn't know what it is talking about. Just note that last year we gave 50 billion cruzeiros in the first 6 months and 60 billion cruzeiros in the second 6 months. We are giving 6 percent.

[Question] In 1974, 1975, 1976 and 1977 the federal-government share was 6.9 percent, 6.2 percent, 6.2 percent and 7.1 percent of total Social Security receipts. In 1979, when the Social Security rate was unlinked from the price of gasoline, the federal government share fell to 4.9 percent and was 5.2 percent in 1980.

[Answer] As a matter of fact, the federal government share in 1979 and 1980 was somewhat less than in previous years but in 1981 it recovered.

[Question] What seems strange about the Social Security system is that it only began to have problems in 1980.

[Answer] Because medical care was made available to all. The estimate for medical care in 1982 is 560 billion cruzeiros, an amount larger than the budget for the

state of Sao Paulo. You have some control over the benefits: you know when the person dies, when he joins; you have an idea of what is happening and can plan 2 or 3 years ahead. We know the average age is increasing.

'Same System As 1981 for Gasoline Price'

[Question] What is the policy for adjusting the price of gasoline this year?

[Answer] We are going to transfer to gasoline the changes in the exchange rate in the same way we did last year.

[Question] Will the adjustments be less frequent and larger, or more frequent and smaller?

[Answer] We will follow the same system as last year.

[Question] To balance the petroleum account?

[Answer] To balance the petroleum account for the year. It has a carryover that will remain there. The effect it was to have has already been felt.

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CSO: 3001/65

BARRETO RETURNS, DISCUSSES CUBA TRIP

PY270304 Rio de Janeiro JORNAL DO BRASIL in Portuguese 25 Jan 82 p 13

[Excerpts] Without having to go through the federal police, Ruy Barreto, president of the Rio de Janeiro [as published] Commercial Association, disembarked at the Rio de Janeiro international airport on his return trip from New York. He said: "At no time was I called upon by any police authority to answer any kind of questions."

The businessman confirmed that he had not formally consulted the government about hiaqlaiututgta (garbled) and added that he would contact ministers of the economic sector who are most closely concerned with exports to brief them on the opportunities offered by the Cuban market. He said: "It will be up to them to find a solution."

Barreto met with newsmen in a special room at the airport as soon as he disembarked from a Varig DC 10 plane at 0900. Commenting on former President Geisel's remarks that the Cuban market was not important for Brazil, he said:

I respect the opinion of former President Geisel. He must have his reasons to say that. But, obviously, he is not a businessman as I am. Even to inform the business sector that Cuba does not mean anything I needed to go to Cuba first. Yet I believe that Cuba is a good market.

In his opinion, Brazil needs to diversify "its market to encompass small countries because it is better to have many buyers than just one." He estimated that Cuban imports would amount to \$3 billion this year. And should negotiations be conducted between the two countries, Brazil might be able to obtain a share of between \$200 million and \$300 million of these imports.

He noted, however, that there is nothing concrete about commercial negotiations.

He said: There are actually great prospects. Obviously everything will depend on the Brazilian Government which will have to grant special lines of credit because negotiations in the developed world today demand a preferential treatment similar to that which Brazil has given to all African and Latin American countries. Therefore, economic and diplomatic relations will be indispensable.

Barreto denied having created a trading [given in English] company to export to Cuba through Amsterdam, the Netherlands.

He said: It is not true. I did not do that. I did not do any business with Cuba, mainly because I am in no position to do so. It would be to no avail to make business deals with Cuba without the approval of the Brazilian Government concerning lines of financing, for instance for the purchase of ships and railway coaches. These involve extremely large amounts which today are negotiated by the governments on the international market.

He also denied having made deals with Cuba in a triangle operation through Mexico.

He said: We did not do that but we have time and again been consulted about business. We do not do business through third parties.

Cuba is a risky market from the standpoint of payment for imported products, according to government officials. Barreto believes, however, that "the matter should not be analyzed from that angle. If we were to do that, we could not possibly do business with any country in the world and no country in the world would do business with Brazil, which is today a highly risky country."

Barreto, who claimed not to be concerned about the repercussions of his trip, noted that his mission to Cuba is considered closed.

He said: I do not intend to go back because I would then go on a private trip, and not as representative of a sector. Yet I would very much like to go back because he (President Fidel Castro) is a very captivating person.

He also noted that his trip to Cuba was instrumental in making him realize something very important during his contacts with Cuban officials, especially with Fidel Castro, the main leader of the country.

He said: I was able to note that trade with Cuba could be a factor in promoting peace in the hemisphere.

CSO: 3001/73

YEAR-END TRADE BALANCE SHOWS SURPLUS OF \$1.2 BILLION

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 12 Jan 82 p 28

[Text] Brasilia--With a surplus of \$232 million--the eighth consecutive of this year--recorded in December, the trade balance finished 1981 with a surplus of \$1.207 billion, the all-time high in Brazil's economic history and the first since the token \$97 million of 1977.

Exports, however, were only \$23.293 billion, well below the optimistic goals of \$25 billion to \$26 billion projected by the government and the exporters themselves at the beginning of 1981, although 15.7 percent ahead of 1980 sales of \$20.132 billion. Imports also fell short of official expectations, as they totaled \$22.086 billion, or 3.8 percent less than the \$22.955 billion spent the previous year. In 1980 the trade account recorded a deficit of \$2.823 billion.

Final figures for the 1981 trade account were reported officially yesterday by Finance Minister Ernane Galveas and the ministry's secretary general, Carlos Viacava. Galveas termed the result "highly satisfactory," in view of international conditions, quite unfavorable for marketing Brazilian goods due to the recession in industrialized countries, high interest rates and a strong dollar. The government's goals for this year are to export \$28 billion and import only \$25 billion and thus achieve a \$3 billion surplus.

To reach the \$28 billion of exports this year--about 20 percent more than those of 1981--the government is counting on the following factors: lower interest rates in the international market; an increase of at least \$1 billion in coffee exports over the \$1.751 billion sold last year; consolidation of markets penetrated during 1981; and very favorable impact on commodity prices due to the recent cold spell in the United States and Europe, which could damage crops in these regions. Such climatic conditions would especially benefit Brazilian exports of sugar, soybeans and orange juice.

The government's projection for coffee--a product that now takes a modest third place in the list of exports, after having been the sales leader--is growth of 64.7 percent over 1981, when coffee exports declined 36.9 percent from 1980 sales. This increase will be obtained through a price improvement already underway, according to Viacava. Exports other than coffee increased 24.1 percent over 1980. In the final month of the year the nation exported \$2.061 billion and imported \$1.829 billion.

Imports

Of the nation's total imports last year, 48 percent went for petroleum, which cost \$10.604 billion, or 13.2 percent more than in 1980 (\$9.372 billion). Imports other than petroleum and wheat cost \$10.650 billion, or 16.1 percent less than 1980 purchases of \$12.693 billion. The government estimate for this year is that imports will rise 13.1 percent to reach the \$25 billion mark. These figures assume essentially unchanged oil prices. The increase would thus be solely the result of re-activating the Brazilian economy.

Trade Balance (Millions of Dollars)

<u>Category</u>	<u>December 1981</u>	<u>December 1980</u>	<u>January- December 1981</u>	<u>January- December 1980</u>	<u>Difference In Percent</u>
Exports:					
Total	2,061	1,919	23,293	20,132	+15.7
Coffee	132	212	1,751	2,773	-36.9
Others	1,929	1,707	21,542	17,359	+24.1
Imports:					
Total	1,829	1,834	22,086	22,955	- 3.8
Wheat	68	67	832	890	- 6.5
Petroleum	979	698	10,604	9,372	+13.2
Others	791	1,069	10,650	12,693	-16.1
Trade Balance:	+232	+ 85	+1,207	-2,823	---

Annual Trade Balance (Millions of Dollars)

<u>Year</u>	<u>Exports</u>	<u>Imports</u>	<u>Balance</u>
1981	23,293	22,086	+ 1,207
1980	20,132	22,955	- 2,823
1979	15,244	28,084	- 2,840
1978	12,659	13,683	- 1,024
1977	12,120	12,023	+ 97
1976	10,128	12,383	- 2,255
1975	8,670	12,210	- 3,540
1974	7,951	12,641	- 4,690
1973	6,199	6,192	+ 7
1972	3,991	4,232	- 241
1971	2,904	3,247	- 344
1970	2,739	2,507	+ 232

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CSO: 3001/65

FLOODING AFFECTS SEVERAL STATES

PY290253 Rio de Janeiro JORNAL DO BRASIL in Portuguese 28 Jan 82 p 5

[Summary] According to the civil defense secretary of the Interior Ministry, at least 58 persons have died in five states and some 12,000 persons are homeless due to the floods which affect the country.

"The situation in Minas Gerais State worsened during the past 24 hours, with floods caused by the overflowing of the San Francisco, Gaviao, Santo Antonio and Piracicaba Rivers."

Yesterday in Minas Gerais there were 10,135 homeless persons, 765 destroyed houses and 47 deaths.

The situation in Goias is as follows: 1,020 homeless persons, 50 destroyed houses and 1 dead person.

Sporadic showers throughout Mato Grosso State have precluded normal traffic on the unpaved highways, especially highways BR364, BR163 and BR158.

Sporadic showers occurred through Mato Grosso Do Sul State.

It was reported that in Para State the Tocantins River level is one meter below the alert level, which is 12 meters.

In the early morning on 26 January 105 mm of heavy rain fell in the city of Recife.

The public security secretariat of Pernambuco reported that the storm which hit Recife on Wednesday killed 7 persons, but apparently the number of homeless persons dropped to 1,000 since some were able to return to their homes after the floods receded.

Rains in Ceara have interrupted a drought which threatened to enter its 4th consecutive year.

Farmers in the state of Para are concerned about the flooding of plantations by the Amazon River and its tributaries.

Traffic between Guiaba and Santarem has been interrupted due to rain, which has fallen during the past 15 days.

The Goias transportation secretariat reported that the damage caused by the floods on highways amounts to over 1 billion cruzeiros. Transit of vehicles is interrupted in 88 areas. In Bahia State the Sobradinho Dam, which normally spills 3,000 cubic meters per second, yesterday spilled up to 8,000 cubic meters per second to drain the great volume of water collected due to the heavy rains falling at the source of the Sao Francisco River in Minas Gerais.

CSO: 3001/73

BRIEFS

PDS CHAIRMAN HOSPITALIZED--Professor (Primo Curtis), superintendent of the clinics hospital yesterday reported that Senator Jose Sarney's health condition is good and that he has only suffered a blood pressure change. However, (Curtis) could not report on the time during which Senator Sarney, the PDS [Social Democratic Party] chairman, will have to be hospitalized at the heart institute. The senator was subject to several tests and he will undergo a general physical checkup. He arrived in Sao Paulo yesterday afternoon and he was immediately taken to the heart institute for a checkup. In the morning the senator had left the Santa Casa de Misericordia in San Luis do Maranhao, where he was resting. In the opinion of doctors, his health condition was good but everybody agreed that a rest period is now strictly necessary. [Text] [PY301354 Sao Paulo Radio Bandeirantes Network in Portuguese 1000 GMT 30 Jan 82]

NO COMMENT ON QUADROS-QADHDHAFI MEETING--Brasilia--Yesterday Itamaraty refused to make any comments on former President Janio Quadros' visit to Libya, allegedly in response to an invitation by President Mu'ammarr al-Qadhdhafi. According to Bernardo Pericas, spokesman of the Foreign Ministry, "Itamaraty makes no comment on the trip since it is the private initiative of a citizen with no connections with the government." [Text] [PY290112 Rio de Janeiro JORNAL DO BRASIL in Portuguese 28 Jan 82 p 2]

GUERRERO TO VISIT CARACAS--Itamaraty confirmed today that Foreign Minister Saraiva Guerreiro will visit Venezuela on 18-19 February. Itamaraty spokesman Bernardo Pericas said that Minister Guerreiro's trip to Caracas is intended to proceed with work pursuant to contacts which had been made between the foreign ministries of the two countries. Pericas added that the invitation to Minister Guerreiro was made before his visit to Guyana and so there is no room for any speculation that this upcoming visit to Caracas might be related to the border conflict between Venezuela and Guyana. Pericas went on to say that any thought that Brazil might act as a mediator in that conflict is entirely baseless. This will be Minister Guerreiro's third visit to Venezuela. [Text] [PY020235 Brasilia Domestic Service in Portuguese 2200 GMT 1 Feb 82]

CUBAN ENVOY IN SURINAME AVOIDED--Georgetown--Foreign Minister Saraiva Guerreiro managed to avoid what would have been an unpleasant meeting with the Cuban charge d'affaires to Suriname, during a reception offered by the Brazilian Embassy to the diplomatic corps at the end of Saraiva Guerreiro's visit on Tuesday evening. Since the Brazilian Embassy could not discriminate against

a country that maintains normal relations with Suriname, it delivered the invitation to Pedro Gonzalez, representative of Fidel Castro's government, but tactfully suggested he should not attend the reception, which was accepted with a complaint. Guerreiro only learned about this issue when he arrived at the reception. [Excerpt] [PY282353 Rio de Janeiro JORNAL DO BRASIL in Portuguese 28 Jan 82 p 12]

ASYLUM FOR NAMIBIAN REFUGEES--Porto Alegre--Councilman Joao Romero (PMDB) [Brazilian Democratic Mobilization Party] revealed yesterday that the Namibians Kaaba, 21, and Zyrabae, 16, who 5 months ago arrived in the port of Rio Grande as stowaways aboard the Polish ship Kopalnia Szczyglowice, will be granted political asylum by the Brazilian Government. Joao Romero, who is interceding for them with Brazilian officials, was apprised of the government's decision through a telephone call from the Foreign Affairs Ministry. The two refugees--they escaped from the South African invasion of Namibia in July 1981--are willing to work and have called on enterprises through the Rio Grande press to offer them jobs. For 15 days they worked at Tptch helping in the rice harvest but now they have no job prospects. [Excerpt] [PY262051 Rio de Janeiro JORNAL DO BRASIL in Portuguese 14 Jan 82 p 9]

UNEMPLOYMENT RATE DECLINE--According to figures released by the IBGE [Brazilian Institute of Geography and Statistics] in Rio on 26 January, unemployment declined during December in five metropolitan areas, namely Rio de Janeiro, Sao Paulo, Belo Horizonte, Porto Alegre and Recife. Only Salvador experienced an increase. The average rate was 6.94 percent in December as compared with 7.66 percent in November and 7.51 percent in October. [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 Jan 82 p 27]

CSO: 3001/72

BRIEFS

TERRORIST ATTACK--Vina Del Mar, Chile, 26 Jan (AFP)--It was reported today at this South Pacific resort that a powerful bomb was detonated by unknown persons at the Quinta Vergara where the Vina Del Mar International Song Festival is held every year. Shots, a strong explosion and pieces of bottles which contained inflammable liquids are the evidence gathered by the Chilean police which prove the participation of a leftist subversive commando in destroying the stage where the most renowned musical contest in Latin America is held every February. The security forces have reported that the damage was not very significant, but the authorities of Vina Del Mar, 104 km northwest of Santiago, have ordered strict police vigilance. [Text] [PY281717 Paris AFP in Spanish 2007 GMT 26 Jan 82]

CSO: 3010/734a

CONTROVERSY BETWEEN GOVERNMENT, CONGRESS CONTINUES

San Jose LA NACION in Spanish 28 Dec 81 p 4 A

[Article by Eduardo Castro: "Dispute Between Administration and Assembly Continues --Legislative Summary"]

/Text/ Probably never before has it been clearer that there is a bitter dispute between the Office of the President and the Legislative Assembly as it emerged last week when President of the Republic Rodrigo Carazo Odio was able to rack up a victory in his permanent battle with Parliament.

When, a week earlier, the chief executive withdrew 20 bills in order to give first place to the hotly-disputed matter of the General Education Law, nobody imagined that his action was in line with a game strategy that would catch the deputies of Unity, who were proposing it, in a trap.

The same happened to another bill which had gone through committee, where it had been sent in order to introduce amendments; it likewise caused a confrontation between Unity and the majority opposition bench, in other words, National Liberation. The agricultural reorganization bill on the other hand floored the liberationists.

The full assembly took up its two daily sessions on Monday on both matters. On Tuesday, there were no meetings due to the lack of a quorum and when, on Wednesday, the members of parliament occupied their seats to continue work on the two bills and to decree a recess until 15 February, they were surprised--at least some of them were--to read a letter from the Office of the President which withdrew all of these pending bills so that they could go on vacation.

Rest

In doing that, from the Office of the President of the Republic prevented the legislators from holding their sessions and decreeing a period of rest.

Now, the Legislative Branch will have to meet the moment it is requested to do so by the administration, probably after 4 January. However, when the deputies are summoned, the sessions will be resumed on the following day, the date for which the recess was ordered.

The deputies justify this vacation by saying that, in their capacity as political leaders, they are obligated to work for their parties during the last months of the election process.

This undoubtedly will provide arguments for the office of the presidency to continue with its attack on the members of congress; the latter know that but are not prepared to yield.

However, a matter of extreme importance is still pending.

This involves the veto of 23 general items in the national budget for next year which Mr Carazo and his Finance Minister Emilio Garnier Borella had challenged because they considered most of them to be unconstitutional while some are inconvenient.

If the deputies take this matter up in February--in case they want to review the matter--they will have to wait until March because the Supreme Court will be on vacation.

This is why it is believed in legislative circles that the case may drag out; but in March, precisely, thousands of students, teachers, and government employees may possibly apply pressure on the Assembly to ask for a remedy to the lack of financing which the Executive Branch has inflicted upon them at their centers of education.

In vetoing the items, Mr Carazo rejected one particular item which placed a 10-percent tax on tax exemptions for industry and which provided financing for centers of higher education.

Since it is not believed that there is any ready solution coming from the deputies, the Assembly--at least as the situation looks now--in responding to the veto will have no other way out than to approve the tax reform or the tax "package" as it is known in everyday language.

This bill has now been in the Chamber for almost 3 years; although it has fared very badly, it might be revived, by virtue of the president's action, or because of the need for sound resources on the part of the next administration, regardless of the party that may take over the Executive Branch at the polling places on 7 February.

Caution

For the time being, the parliamentary fractions prove to be rather cautious. Although some of their representatives believe that the items in the national budget have declined and that regular laws are amended or issued through it, others feel that the constitutional principle, to the effect that this law is the only one that cannot be vetoed, continues to be in force.

They explain that the Budget Law is a single unit which includes all of these items and that therefore it cannot be turned back without the president's instructions to implement it.

However, the chief executive rather skillfully managed to have this issue resolved by the Judicial Branch. In parliament therefore there will not even be a possibility of discussing the topic in detail. It is the judges who will have the last word.

But there is one point which the Congress must debate. Mr Carazo justified his action in terms of constitutionality and also in terms of inconvenience. The latter is debatable.

Besides, the full assembly very much took into account the fact that a controversial item, such as the one pertaining to temporary teachers working within the provisions of the educational reform, was not touched by Mr Carazo although he had challenged it because it is presumably unconstitutional.

This means that the debate is headed toward this specific topic and that the line of argument of the Executive Branch is losing strength.

5058

CSO: 3010/701

SURVEY REVEALS SERIOUS RECESSION IN INDUSTRY

San Jose LA NACION in Spanish 29 Dec 81 p 4 A

[Article by Lidiette Brenes de Charpentier: "Survey Reveals Serious Recession in Industry"]

[Text] The serious recession which has hit the industrial sector, this year expressed by a drop in the physical output volume, was revealed by the latest survey conducted by the IICE (Economic Sciences Investigations Institute) of the University of Costa Rica.

The survey, which was completed in November, tells us that, while the industrial output decline during the first half of this year was 2.5 percent, it came to 4.6 percent throughout the entire year, excluding meat, coffee, and sugar. In 1980, it had gone up 5.8 percent.

Three individuals very closely connected with the sector--Rodolfo Alvarado Moreno, executive director of the Chamber of Industries; Jorge Woodbridge, manager of CAFESA [expansion unknown]; and Julio Ramirez, deputy manager of the FAMESA [expansion unknown] enterprise, which produces machinery and equipment--believe that it is indispensable for the government to provide a margin of security in order to reduce the uncertainty which has hit them so hard.

The absence of output increase had repercussions on industrial employment which dropped 4.8 percent during the first half, according to data from the Central Bank.

Difficult Situation

In analyzing the survey results, Juan Manuel Villasuso, director of the IICE, said that, although the figures are preliminary, they do show that 1981 was a year in which the industrial sector faced the most difficult situation in recent years.

He added that, although the pace of manufacturing activities had been slowing down since 1978, this is the first occasion when the semiannual and annual growth rate reached negative values; this is proof of the magnitude and form in which the country's somber economic situation has repercussions on this sector.

Mr Villasuso explained that the activities that declined most involve the metal-working branches, nonmetallic minerals, lumber and wood products, plus food, beverages, and tobacco.

The only divisions that did not record a drop in the physical output volume were textiles, ready-made clothing and leather, chemical products, rubber, and plastics.

The survey was conducted during the first week of November and covered some 200 industrial establishments throughout the territory, concerning the physical output volume, the employment situation, and the changes that had taken place in the demands addressed to the establishments.

This is eighth survey carried out by the IICE, Mr Villasuso concluded.

Similarities

In a manner parallel to the industrial output drop, the general employment index for the first half declined 4.8 percent, according to data supplied by the Central Bank.

This decline is mainly due to a drop in the employment level observed in 16 out of the 25 activity branches constituting this indicator; outstanding among these are food products, clothing (except shoes), transportation equipment construction and machinery construction, apparatus, and electrical appliances.

It must be mentioned--the Central Bank adds--that, among the activities that showed increases in employment levels between January and July of this year, the following stand out: machine-building (with the exception of electrical machinery), petroleum refineries, plastics products, and production of articles made of clay, chinaware, and porcelain.

Other data, likewise from the bank of issue, show that, although output and employment figures in the sector declined, the export of industrial products paradoxically went up 2.1 percent during the first half of the current year.

During that span of time, foreign sales came to \$176.8 million, as against \$173.2 million sold in 1980. Out of that amount, 79 percent (\$138.6 million) went to Central America and Panama and 21 percent (\$37.2 million) went to the rest of the world.

Causes

Both Mr Alvarado Moreno and Mr Woodbridge agreed that, in addition to the domestic economic problem, the situation of semiparalysis of the Central American Common Market had negative repercussions on the recession in the industrial sector.

They admitted the difficulty of winning third markets which would take the place of the isthmus markets. They complained of the lack of foreign financing and the shortage of credit on a local scale but they especially emphasized the environment of uncertainty and lack of confidence which the administration's actions caused.

Prospects for the coming year, according to Mr Alvarado, are very difficult and somber since he does not project any short-term concrete solutions that would make make up for the loss of markets or that would provide incentives for winning other markets.

He expressed the opinion that the only vehicle that can be used to extricate the country from the crisis is to increase the output and step up exports. He noted that these objectives can be attained only if the administration grants a margin of safety and constant and permanent economic rules which will help the businessman in accepting the challenge he must face.

For Mr Woodbridge, the situation in 1982 will not improve but will instead tend to get worse. If the condition of the Central American Common Market continues to deteriorate, we are going to have to be more dynamic in the search of new markets, he added.

In conclusion he said that the people of Costa Rica will have no recourse other than to work harder and with more commitment in order to overcome the adverse national situation.

The specific example of the negative repercussions experienced by some enterprises was given by Mr Julio Ramirez, deputy manager of FAMESA, a factory which turns out machinery and metal equipment in Alajuela.

Compared to last year, the company's output of water tanks, structures for all kinds of buildings, conveyor systems, etc., in 1981 dropped 40 percent. This caused a personnel cutback from 150 to 40 employees. Although the company has enough raw material for the first 6 months of the year, it is not known as yet what the demand will be, which is why he confessed he was worried.

Change in Physical Industrial Output Volume

	1978	1979	1980	1981
Total	8.7	3.7	5.8	-4.6
Food, beverages, and tobacco	9.6	6.3	-0.4	-3.6
Textiles, ready-made clothing, leather	3.7	-4.7	4.7	1.5
Lumber, wood products, furniture	-8.5	2.7	11.2	-4.6
Paper products, printed matter, publications	12.1	12.4	21.8	-3.1
Chemical products, rubber, plastics	13.5	0.8	15.7	0.2
Nonmetallic minerals	8.5	6.7	2.2	-18.7
Metal-working	15.5	7.2	0.4	-19.5
Miscellaneous manufacturing industries	-9.2	-26.9	14.0	-3.9

*For the years 1976-1980, the base year is 1976; for the year 1981, the base year is 1980; excluding meat, coffee, and sugar.

5058

CSO: 3010/701

SURVEY SHOWS VOTERS UNDECIDED ABOUT CANDIDATES

San Jose LA NACION in Spanish 4 Jan 82 p 4 A

[Article by Eduardo Amador H.: "High Percentage of Indecision in Political Survey"]

[Text] There is a high degree of indecision among Costa Ricans as to whom they are going to vote for in the 7 February elections, according to a survey conducted by the Information Office of the Office of the President of the Republic.

As the survey conducted among 1,724 persons shows, 32 percent of them, that is, 551 citizens, are doubtful as to which presidential candidate they will vote for.

The survey was conducted last November and is the seventh of this kind conducted by the Information Office in the same number of years. It covered the whole country in the form of four regions. They are the metropolitan region, the rural region of Valle Central, and the rest of the country, both urban and rural.

The survey conducted by that office found a certain imbalance with respect to the one that was done by CID (Interdisciplinary Development Consultants), an organization which also performed a similar task during November. It revealed that 82 percent of the Costa Ricans were prepared to vote in the coming elections which, according to that result, would indicate 18 percent abstension.

The seventh official survey reveals that out of the (551) undecided, 207 (12 percent of the total interviewed) would remain undecided until election day; 138 (8 percent) would vote for Mario Echandi; 103 (2 percent) would vote for Luis Alberto Monge; 86 (5 percent) would vote for Rafael Angel Calderon; and 17 (1 percent) would vote for Dr Rodrigo Gutierrez, of United People.

Possible Winner

The survey found that 49 percent of those interviewed said that they would vote for Monge while 13 percent would vote for Mr Calderon.

The candidate of the National Movement, Mr Mario Echandi, according to the survey, would get 4 percent while the candidate of United People, Dr Rodrigo Gutierrez, will get the support of 2 percent.

The report from the CID provided the same results. It gave Monge 56 percent, Calderon 18 percent, Echandi 5 percent, and Gutierrez 2 percent.

In November 1980, the Office of Information of the Office of the President conducted a similar survey in the metropolitan area which revealed the following results: Monge 42 percent, Calderon 23, Echandi 7, and Gutierrez 2. The percentage of uncertain voters was 26 percent.

Undecided Voters

According to the November 1981 survey, some of the undecided are persons who did not vote in 1978 for various reasons, although they were qualified to vote.

There are also young people who will be voting for the first time and for various reasons expressed doubt as to whom they would pick.

It was also shown that the largest number among them is to be found in the urban areas.

Strength

It was found that National Liberation is the strongest in election terms in the metropolitan region and in the remote rural areas.

Unity is strong especially in the remaining urban area, with 20 percent. In the metropolitan area it has 10 percent, as it does in the remote areas.

It was also shown that Calderon has enough support among people over the age of 40, while Liberation is backed particularly by young people.

The support given to United People comes from persons between the ages of 20 and 40 and they are especially members of the academic community, college graduates, and persons who generally live in the urban areas.

Deputies

Similar to what happened during most elections, the survey shows that the number of persons who would vote for a specific presidential candidate decreases when it comes to expressing their preference for their candidates for deputy.

The result of the survey on deputies running for National Liberation shows 46 percent as against 49 percent for that party's presidential candidate.

On the other hand, it was found that Unity will get the support of 11 percent while the National Movement and United People will get 4 percent.

Then there is the special case of Alajuela where the Democratic Action Party of Alajuela has the support of 8.5 percent of the voters which, it is estimated, could be enough for that party to elect a deputy.

The persons interviewed were also asked for their opinion on whether the communists should participate in the elections. About 30 percent said that this was a good idea and the same percentage expressed no opinion while 40 percent thought that this was not good.

On that score it was found that women for the most part believed that the participation of the Marxists in the elections is not good. Persons of advanced age expressed the same opinion.

COUNTRY SECTION

COSTA RICA

BRIEFS

IMPORT FIGURES--A report issued by the Central Bank indicates that imports went down from \$1,528,000,000 in 1980 to approximately \$800 million in 1981. These figures include crude petroleum, diesel and gasoline. [PA311325 San Jose Radio Reloj in Spanish 0100 GMT 26 Jan 82 PA]

CSO: 3010/736

FAR AGITPROP ACTIVITIES FOR ECONOMIC SAVINGS NOTED

Havana VERDE OLIVO in Spanish 24 Dec 81 pp 31-38

[Special supplement to support mass agitation efforts: "How Can We Save?"]

[Text] "Save and be more efficient" is also a rallying cry of our people, just like "Fatherland or death," just like "For whatever, however and wherever, just give the order, commander in chief!"

Our country's new appeal has already been given a resolute answer in factories, schools, hospitals, day care centers, farms, on board the ships span the oceans, in short, in each of the places where people are exerting their aware efforts in the interest of savings, to comply with the established consumption standards, to economize physical and financial resources and in the struggle to prevent waste and to cut outlays for raw materials, fuels, lubricants and other products.

The Revolutionary Armed Forces, without impairing their combat readiness, have also made this enormous task their own, and their accomplishments will ultimately represent another step forward in defending the revolution.

Savings in our military units means, among other things, recycling the items that can be used as sources of raw materials; bolstering rationalization and invention efforts; making optimum use of the Study Materials Program; insuring the proper maintenance of transport and combat equipment, and heightening the awareness of personnel so that the instruction process is more efficient.

As our Commander in Chief Fidel Castro has stated, savings must be based on efficiency. It is inconceivable that savings would mean a decline in combat or technical training and readiness in the military units and industrial enterprises of the FAR. The point is to work hard and better and with lower outlays.

If, for example, an artillery piece hits a target with a single shot, we are economizing on munitions, which can then be used during another exercise. Or if instruction or service vehicles coordinate several tasks on their runs, these resources are conserved. This is the essence, the main idea in savings: do quality work, spend less, use only what is necessary and be efficient.

This must be a permanent task for everyone, commanders, officers, non-commissioned officers, sergeants, soldiers, seamen, cadets, midshipmen, civilian workers, party and UJC [Union of Young Communists] organizations and union sections, and the shortcomings that hinder savings in practice must be periodically analyzed critically and self-critically.

Now then, what should we be saving and how can this effort be effectively carried on in the Revolutionary Armed Forces?

Let's take a brief look at various military specialties to find the answers.

Our Basic Supplies

It is vitally important to see to it that armaments receive established technical maintenance, because this will help prevent premature wear-and-tear.

When such wear-and-tear is detected, the condition of the piece or attachment must be properly evaluated to determine whether its use can be prolonged. Personnel must always keep in mind that unnecessary replacements must not be made as long as the weapon can be utilized without difficulty in combat activities.

We are aware of the enormous efforts that the revolution is making to reforest our country, but we are still far from having enough lumber to meet all our needs. Optimum use must be made of crating for munitions, arms and other supplies, and waste of any kind must be prevented. In this regard, we must see to it that each box used during the instruction process returns to where it came from, the warehouse, and is not used for other purposes or returned in poor condition.

When crating is destroyed, we lose not only lumber but also a great many metal braces and special closures, which could be recycled, thus precluding the need to use more of them.

Savings can also be made when it comes to protecting armaments. Combatants must also keep this in mind. How? Well, among other things, by using only as much paraffined paper or asphalt as necessary and by making sure that the covers of artillery pieces do not rip prematurely.

Equipment

One of the areas in which savings can be maximized is unquestionably the use and repair of equipment.

Basically, compliance with established use standards must be stressed. This cuts down on breakage and prevents premature wear.

Preventive maintenance and minor repairs must be carried out regularly, which will keep the equipment in good condition, detect damage in time and prevent the overuse of spare parts.

As far as spare parts are concerned, they should be used rationally; in other words, they should be utilized only when the item to be replaced cannot be salvaged.

Efforts must be intensified with regard to the care and maintenance of batteries, by monitoring their technical condition and enhancing the quality of work at charging stations.

The same approach should be taken towards tires. In this regard, the established rotation cycle must be observed and timely replacements made so that tires can be recapped when they really need to be.

In addressing the issue of savings in this specialty, we cannot fail to stress that equipment in general should be used as little as possible. This is feasible only if transport and armored vehicles are used rationally by reservation. This will help conserve fuel and spare parts and prolong the life of equipment.

Chemical Defense

The senseless, absurd arms race that American imperialism is engaged in is well-known, and one of its components is weapons of mass extermination, which are denounced worldwide. We must be prepared to confront potential aggression. For this purpose we will protect ourselves with effective, complex tools that, in turn, require proper use in peacetime. Their life is thus extended so that they can be used properly should the occasion arise.

To accomplish this, these tools must be properly maintained, and the established controls must be observed once they have been used. Also, the accessories and attachments from equipment that has been withdrawn from use for various reasons must be salvaged.

Combatants must be told to make rational use of degasifying substances, simulation equipment, counter tubes, reagents, batteries, etc, during the instruction process.

One of the most effective ways to do this is to insure consistent training during classes, exercises and instruction prior to the performance of training missions in which these items are utilized.

Economical, Efficient Communications

Communications units can make major contributions to savings. One way is to see to it that linemen pay special attention to the proper use of long-distance cable and to its subsequent recycling. In a word, not a single

meter of this item should be wasted. In addition, excessive splices on the lines should be avoided, because this often leads to shortcircuits that cause wear-and-tear.

Furthermore, valves and other components should not be replaced in electronic equipment until their service life is over. With regard to equipment connected to the industrial grid, special care should be taken to utilize this network only when required and to avoid excess use of energy and fuel.

Financially speaking, the excess use of direct-dial telephones causes a drop in the savings index for the communications specialty.

Engineering Equipment

In discussing what and how to conserve in the specialty of military engineering, we must mention the need to further enhance the technical training of all personnel in this field. The reason is simple: Poor handling of equipment is synonymous with breakdowns and excessive fuel and lubricants consumption.

Prefabricated components must be used properly in special projects and in fortifications because otherwise they wear out rapidly. Careful use must also be made of shovels, picks and other tools so that they are not lost or broken.

Furthermore, only the amount of explosives stipulated for each situation should be used.

Rationalizers and Innovators Play a Leading Role

The Rationalization and Invention Movement that the FAR have given such a big push to must now more than ever join in the supreme effort that our country is calling for: greater efficiency and savings.

This movement cannot just settle for conserving all kinds of physical assets. It must go even further. It must come up with technical solutions to various problems that cause total or partial shortages of spare parts and accessories. So then, the rationalizers and inventors have the floor.

Uniforms: Aiming for Systematic Savings

Major savings can also be made in uniforms. To this end, the gear and garments in the possession of personnel must be carefully inspected on a daily basis, and the gear assigned to soldiers who are demobilized must be recovered, because it can often be used to supplement the regimental gear assigned to reserves mobilized for instruction.

The uniform shops are largely responsible for achieving systematic savings at the present time. Compliance with raw materials standards is a priority, but not the only one. Also involved is the timely repair of footwear and

uniforms, as well as tents, which in some cases are considered beyond repair, and the manufacture of various items that in time of peace or war would resolve problems that might be hard to image now.

Provisions

The best way to conserve provisions is to prevent any and all violations of regulations and instructions.

In this regard, we must tighten control over containers and see to it that they are returned to their original place. This will prevent them from wearing out and being used for other purposes.

With regard to food supplies, the reports of personnel present in the mess halls must reflect actual needs so that rations are not wasted because of poor planning. If food is prepared properly, it will not wind in the garbage can.

Conserving kitchen and mess hall utensils (spoons, forks, knives, jars, etc) is another ongoing concern. It is equally indispensable to perform maintenance work on the various pieces of equipment in this specialty.

By setting up their own farms, the Revolutionary Armed Forces will gradually be able to meet the military units' needs for fresh food by means of planned internal consumption. This will mean that the products diverted from the national economy to the Armed Forces will gradually decline in quantity, and this too represents savings.

But these efforts must also be backed, among other things, by optimum utilization of the lands devoted to the growing of vegetables, tubers, grains, meat and other products and mainly by proper management of the farms whose output is used in mess halls.

Barracks and Housing

These units and the military construction units can make real contributions to savings by making proper use of cement, lumber, metal structures and other supplies involved in their specific missions.

We Must Win the Battle!

These are just some of the measures that the FAR can take to answer our country's call to save more and be more efficient. By being resourceful in their daily activities, the troops can help develop new ways to perform this mission. The battle has just begun, and our glorious, unconquered Revolutionary Armed Forces are determined to emerge victorious from it.

8743

CSO: 3010/655

NATIONAL BANK PRESIDENT DISCUSSES BANK'S ROLE IN ECONOMY

Havana VERDE OLIVO in Spanish 10 Dec 81 pp 38-43

[Interview with the minister-president of the National Bank of Cuba, Raul Leon Torras, by Luis Lopez, in his office; date not given]

[Excerpts] Some 21 years ago, on 17 October 1961, our commander in chief, Fidel Castro, went before the television cameras to explain to the people the content of three revolutionary laws: the Urban Reform, the Nationalization of Banking, Industry and Basic Businesses.

"The government will now run the banks, and the government will distribute loans in accordance with the country's interests..." Fidel noted.

Yesterday and Today

Banking activities expanded as the revolution developed and today they are an important tool of the socialist state. Among the National Bank's functions are: issuing currency and regulating the country's money supply; centralizing the holdings of foreign exchange and carrying out operations involving it; setting the exchange rate and granting and obtaining loans in foreign currency; centralizing the deposits of state agencies and of the populace; organizing and directing collections and payments among state bodies, and many others.

We could say that the bank's functions are directly or indirectly linked, in one way or another, to all of our society's activities. Without the bank it would be difficult to control our country's economy.

Motivated by a desire to investigate what the bank does, I visited the offices of Comrade Raul Leon Torras, a member of the Central Committee of the party and the minister-president of the National Bank of Cuba.

After a few minutes wait and then the usual introductions, the atmosphere quickly became one of comradeship. My first question in the interview was:

[Question] What role does the bank play in the Economic Planning and Management System?

[Answer] Supervision and control in a socialist society are fundamental factors in enhancing economic management. Financial control plays a decisive role among the system's mechanisms and represents an essential element in the effective and economical use of our material and monetary resources, as well as in fulfilling the tasks of the Single Economic Development Plan.

The mechanisms that our bank has implemented in compliance with the resolutions of the First Party Congress, basically with respect to the establishment of the Economic Planning and Management System, show that the bank plays an active role in consolidating and further developing this system.

During this period and with the cooperation of the various central banks of the socialist countries that are members of CEMA, we succeeded in carrying out a bank restructuring; developing the collections and payments among state bodies; preparing the Cash Plan, which enables us to plan, control and analyze the cash money supply; establishing the short-term credit system for state-run enterprises and exercising control over wage funds and investment financing.

[Question] You mentioned the Cash Plan. What is it and what is its purpose?

[Answer] One of the bank's institutional functions is to regulate the money supply. The Cash Plan's objective is to help meet the targets of the Single Economic and Social Development Plan in the area of the populace's monetary relations. We can do this because the people transact their monetary operations in cash, which means that these movements can be reflected in money inflows and outflows at bank windows.

Cash planning is done on the basis of the proposals that the enterprises, budgeted units and organizations are supposed to submit at the branch where they have their accounts. The proposals list the earnings and payments they will make pursuant to their technical-economic plan or budget.

After the information received is gathered together, the Municipal Cash Plan is drawn up, and so on up to the main office of the National Bank, which draws up and assesses the proposed plan for the entire country, which is then approved by the Executive Committee of the Council of Ministers.

We've had good results with it in the almost 4 years since it was officially adopted, and initial targeting has improved. We could say that the plans have worked well and have contributed in no small way to our financial stability.

With regard to this latter aspect, and as the commander in chief pointed out at the closing session of the Second Congress of the CDR [Committees for the Defense of the Revolution], in order to maintain the necessary internal financial balance that has resulted from the Wage Reform, we will have to take a number of measures such as a reform of wholesale prices, expanding the goods and services offered to the people and pursuing a policy to encourage savings by our people.

[Question] Does this mean that there is something new in store for savings accounts?

[Answer] In view of the bank's complex functions and the need to further improve bank services (with which we are always dissatisfied) and pursuant to the guidelines of the Second Party Congress, we are taking the necessary steps to apply the experience of the socialist countries in Cuba: an institution that specializes in savings and personal loans and that offers various new methods of saving that will serve as incentives to the people.

[Question] How are monetary transactions carried out between state-run enterprises?

[Answer] The reestablishment of monetary and businesses transactions between the enterprises and budgeted units early in 1977 meant that the established procedures had to be flexible and simple enough, in order to help establish discipline in collections and payments and guarantee smooth operations.

With the development of the Economic Planning and Management System, we have established new forms of collection and payment between state-run enterprises. Recently, pursuant to our Resolution 385, we modified the system in several ways. We established the use of checks and money orders; increased the limit of cash payments to 50 pesos; set new deadlines for the processing of collection and payment documents and, most importantly, introduced new penalties for deadbeats or those who fail to observe this discipline.

Resources Earmarked for Development

There is a lot to talk about with regard to savings. One way to economize the country's resources is to carry out scheduled projects efficiently. Attempts are going to be made during this 5-year period to better meet the people's growing needs. An investment plan was approved for this purpose, and it aims basically at completing the projects already under way and at reducing project construction, installation and startup periods.

[Question] What role does the bank play in this important effort?

[Answer] Investment activity depends basically on the resources that our country can earmark for this purpose and on the efficiency with which investments are made. The latter facet is linked to several factors: the selection of the most appropriate investments; their immediate startup; optimum construction quality; cutting costs and reaching scheduled output capacities as soon as possible.

These are the objectives of bank efforts in the investment process, objectives that are accomplished in its investment monitoring functions and through investment financing.

These banking activities are facilitated by our extensive network of nationwide branches, which are located close to the projects and to their builders. We are also the sole center for collections and payments between investors and planners, builders and suppliers.

[Question] In spite of the bank's control, however, we have heard about violations. What measures can the bank take in this regard?

[Answer] Among the possible actions we could take are to refuse to pay for investments that have not been contracted for or on which documentation is incomplete, or investment projects whose costs are over budget; not to allow people to charge for poorly done work or work whose specifications do not meet the ones contained in the designs, as well as investments not included in the annual plan; to withhold payments that exceed available financial resources, and many other steps that we have been taking. Seventy-four engineers who are specialists in investment will soon begin exercising technical control in this area.

Along with the development of bank controls, the methods of investment financing are being improved. Until 1981, the State Budget was the sole source of financing. Starting this year, in order to get investors more interested in resource allocation, their own sources of financing are included: replacement-cost amortization; the sale of basic idle facilities, funds for socio-cultural purposes and housing construction.

Credit Could Adversely Affect Incentive Funds

[Question] People are interested in finding out about how the bank grants loans and the chances for getting them, both in the case of enterprises, cooperatives and the populace at large...

[Answer] Loans are a streamlined way of temporarily providing organizations with money that they need and do not have. They have to be paid back, of course, and logically carry an interest rate charge. Loans are authorized only when their use is in keeping with the approved goals of the Single Economic Development Plan.

For example, the bank will grant a loan to an enterprise that has received its supplies for the quarter's planned output but does not have the funds in its operating account to pay the supplier. The loan payback term will always correspond to the production date.

The same goes for the cooperatives or private farmers who request loans to grow their crops. After the harvest they have to pay back the loan.

Individuals are granted loans against their previous savings, and they pay them back with future income.

[Question] Could you amplify a bit more on credit for peasant farmers and cooperatives?

[Answer] The credit policy that we are pursuing in this sector is designed to guarantee the funds needed to carry out production plans and, in particular, to serve as an effective tool for strengthening the cooperative movement.

We are pleased with what we have achieved, because borrowing is extraordinarily heavy. The bank currently finances the output of close to 100,000 individual farmers and more than 1,000 farm production cooperatives. Close to 100 million pesos are loaned out per year. Loans during the 5-year period from 1976 to 1980 were up 25 percent over the previous 5-year term.

Loan repayment ratios have improved rapidly, and only 2.09 percent of total loans are past-due.

[Question] Does the same go for loans to state-run enterprises?

[Answer] The bank grants loans for specific purposes, after analyzing the financial status of the enterprise. We could say that this is the first phase of control, when we check whether the loan is economically justified and will not be used to cover up poor work by the management requesting it. Other monitoring procedures are applied afterwards.

The enterprise's technical-economic plan must be drafted after as much analysis as possible and take into consideration its experiences, resources and other factors that could have an impact on its objectives. Moreover, the plan must serve as an incentive for its workers.

If an enterprise makes poor use of a loan, it will be faced with financial difficulties because it will not have enough funds to meet its obligations and pay back its loans. This leads to past-due loans and penalties, such as a higher interest rate.

Among the causes of past-due loans in 1981 were accounting deficiencies; inventories not economically justifiable and against which credit cannot be granted; (idle inventories not declared according to established procedure); siphoning off funds earmarked for an enterprise's main activity, to perform repairs or make investments with its own funds and failing to make repayments on time, etc.

I should also mention that on occasion loans become past-due for reasons not having to do with enterprise management. In these cases, they can request an extension to avoid the corresponding restrictions and would also pay a lower interest rate.

There are still agencies and enterprises that are not familiar with the regulations on credit, do not encourage a more rational use of these funds and do not bother to request extensions in logically acceptable cases.

[Question] Does this mean that it could then adversely affect the incentive funds?

[Answer] Of course. If an enterprise winds up paying more interest than it had planned on, it could mean that actual profits will be smaller than provided for in its technical-economic plan. Inasmuch as these profits are the source of the economic incentive funds, even if the enterprise meets the targets that make up these funds, not all of them can be created because the source is deficient.

To illustrate this, if an enterprise spends 15,000 pesos more on interest than it had planned, its contribution to the economic incentive funds could diminish by that same amount, even if it meets the rest of the Economic Accountability targets in the plan.

[Question] How can idle inventories be reduced?

[Answer] Decree 68 of the Executive Committee of the Council of Ministers was enacted in July 1981 to make it easier for enterprises to sell off idle inventories built up in previous years and which hampered the implementation of Economic Accountability.

The decree stipulates that the bank will provide the purchasing enterprises with interest-free financing on up to 5-year terms, so as not to imperil their finances. In spite of the facilities made available, we have heard of enterprises that have undeclared idle inventories and of others that have underdeclared them.

The decree states that the bank will reject as a credit category backlogs of merchandise that are not economically justified and not in keeping with the plans approved for the enterprises. New idle inventories will create further financial problems for the enterprises, which will have to resolve them on their own, in other words, through higher expenditures or losses from selling at below official prices. As we can see, this will hamper the fulfillment of the profits plan and the establishment of the incentive funds.

We have to try to incorporate idle inventories into our production process or into consumption, as appropriate, first of all as a substitute for new imports and in other instances to expand the supply of goods, so that they can be used as appropriately as possible.

With the above in mind and in a bid to join together to avoid duplication of effort, we signed an agreement with the State Committee for Material and Technical Supply to achieve greater efficiency in the use, control,

storage and conservation of inventories. At the same time, the agreement enables us to anticipate inventory backlogs in excess of the national economy's needs.

Cuba's Image Overseas

In his closing speech at the Second Congress of the CRD, our commander in chief broached the troublesome world economic situation at present, as well as the difficulties that our country will be facing in this regard, due, among other reasons, to the intensification of imperialism's aggressive policy against Cuba.

"They have intensified economic measures against us," Fidel pointed out. "They have intensified the blockade to hamper Cuba's trade with other countries at all costs and to make it hard for us to obtain loans. In a word, they have intensified their blockade and taken stronger economic measures."

Amid all of this foul play, National Bank officials and specialists are financing our national economic plan with the banks of other countries, while Cuba's prestige continues to mount.

[Question] How, with what banks and under what conditions are international trade transactions carried out?

[Answer] A good many imports are paid for through letters of credit (a payment guarantee issued by a bank against the account of the importer to the order of an exporter, who will negotiate it at a bank in his country). The amount credited to the exporter is paid by the importer's bank in the appropriate foreign currency.

The bank finances the national economy's annual plans, as far as current trade in the freely convertible currency area is concerned, through short-term credit facilities with its counterparts in capitalist countries.

The normal purpose of these facilities is to finance commercial transactions through cash advances (deposits) with terms of from 90 days to a year as of the date at which they are accepted. Independently of these deposits, letters of credit are issued to pay for the imports ordered under the plan.

I should point out that a high percentage of international trade and transactions on foreign exchange markets are carried out in U.S. dollars, a currency that we cannot use because of the criminal blockade that the United States has imposed. This means that we have reduced access to financial markets, because we have to use other currencies that, despite their importance, have a smaller sphere of action, such as the German mark, the Swiss franc or the pound sterling.

To this we have to add the extra costs stemming from these transactions. Since most transactions are denominated in U.S. dollars, we have to convert

these currencies to dollar values for financing and payment purposes, and this conversion works to our disadvantage because these currencies are constantly tending to appreciate [sic].

Despite this, the bank has worked and will always work to fulfill the inviolable principle that our government has upheld at all times: to meet our international commitments before all else.

With regard to the International Bank for Economic Cooperation (BICE), it is a major source of financing for trade between CEMA member countries.

The annual trade agreements signed by the Foreign Trade Ministries of the respective countries are the basis for requesting financing from the BICE. The amount of merchandise to be traded under the aforementioned agreements is expressed in financial terms, transferable rubles, the common currency of the member countries. Our bank then drafts and submits the financing request to the BICE.

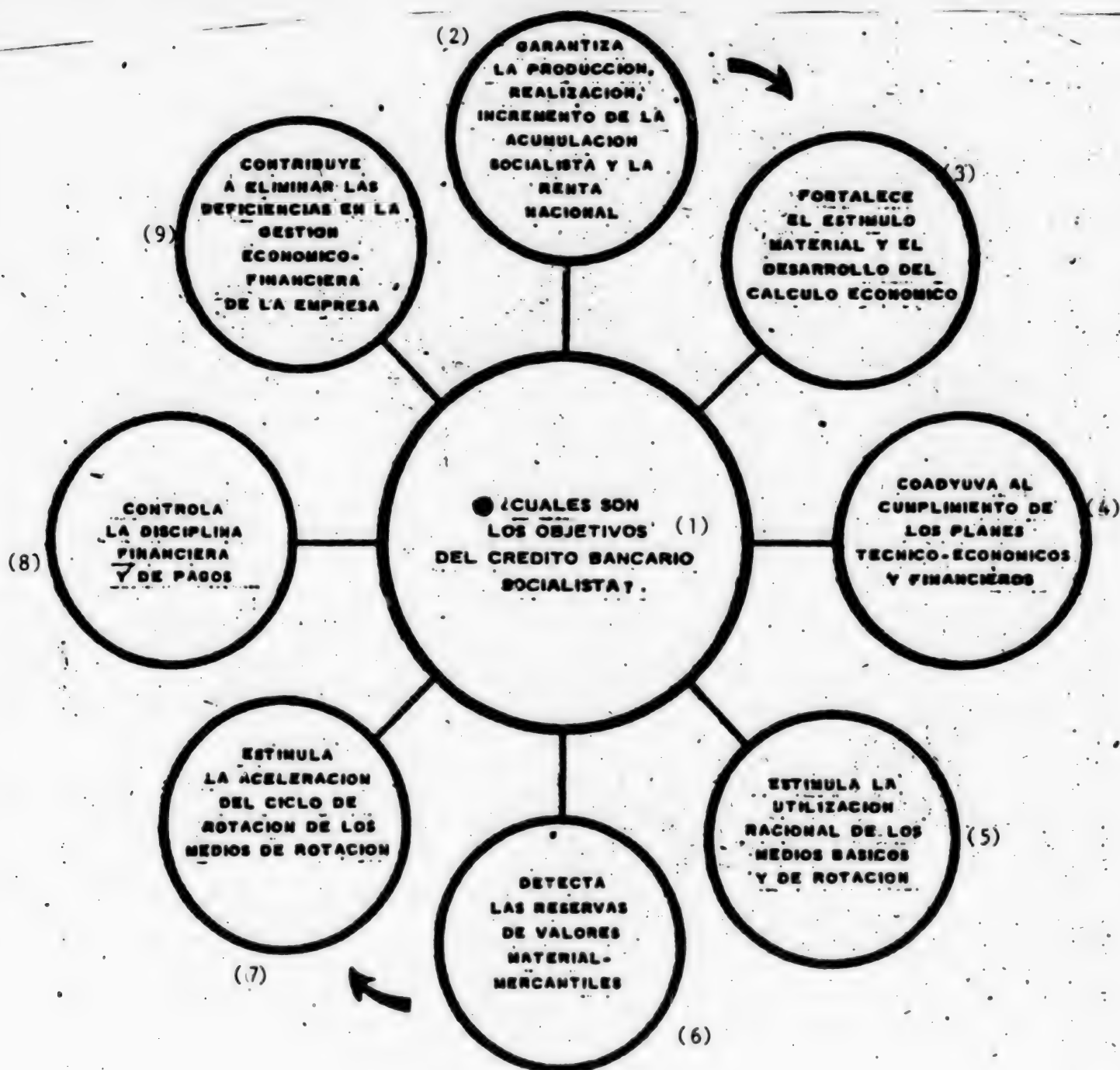
If outlays exceed earnings, the BICE provides the financing needed to make up the difference. When the gap is occasional, it grants so-called technical loans at preferential interest rates, which the country pays back when it has reestablished its year-to-year financial equilibrium. If a country has an annual balance of payments deficit, it receives up to 3 years credit at interest rates that are much lower than the prevailing rates on the capitalist money market.

The BICE's credit policy is guided by CEMA's complex program, which sets down the general guidelines for long-term cooperation. One of them is the establishment of preferential interest rates for less developed countries like Mongolia, Vietnam and Cuba, in a bid to achieve the lofty social goal of balancing out the development levels of CEMA member countries.

The potential of this multilateral banking system is most fully and effectively utilized through the complex program's efforts in the sphere of planning and managing external economic relations, in physical production and in the monetary-financial area itself.

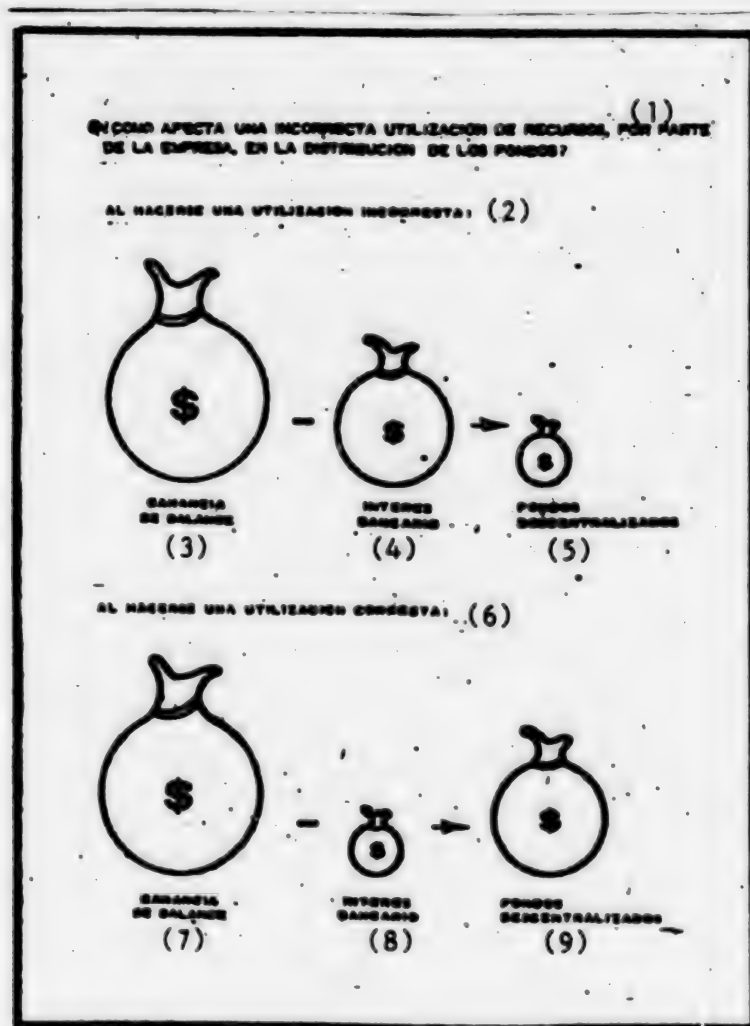
The interview has come to an end, but not because we have run out of issues. Much could still be said about the work that the National Bank does in our society. Time, however, will not allow it on this occasion.

More than a hundred men and women remain behind, engaged in their daily work, in the building that I was just in. Their constant hard work can be seen everywhere: in each bank branch, in each new production facility, in each step taken to enhance efficiency, our development and our economy, in a word, in consolidating our revolution.



Key:

1. What are the objectives of socialist bank credit?
2. Guarantees increasing socialist accumulation and national income
3. Bolsters material incentives and the development of economic accountability
4. Helps to fulfill technical-economic and financial plans
5. Encourages the rational use of basic assets and turnover
6. Detects the reserves of physical assets and commodities
7. Speeds up the inventory turnover cycle
8. Enforces financial and payment discipline
9. Helps eliminate shortcomings in an enterprise's economic and financial management



Key:

1. How does an improper utilization of resources by an enterprise adversely affect the distribution of funds?
2. If improper use is made
3. Bottom-line profit
4. Bank interest
5. Decentralized funds
6. If proper use is made
7. Bottom-line profit
8. Bank interest
9. Decentralized funds

8743

CSO: 3010/655

BRIEFS

ITALIAN FRIENDSHIP DELEGATION--On 18 December 1981 Giordano Gera, secretary general of the Italian-Cuban Association of Florence visited the editorial staff of GRANMA where he was received by Elio E. Constantin, deputy director of this paper. During the course of the friendly talks, in which Rafael Medialdea, official at the Cuban Institute of Friendship with Peoples, participated, Gera stated that from 16 to 28 February 1982 there will be a photographic exhibition in Florence on the Literacy campaign in Cuba. This will be in honor of the 20th anniversary of that historic battle which we are now commemorating. [Text] [Havana GRANMA 19 Dec 81 p 3]

CSO: 3010/731

FMLN GUERRILLAS PROPOSE DIALOGUE TO REAGAN

PA290244 Paris AFP in Spanish 1858 GMT 28 Jan 82

[Text] San Jose, 28 Jan (AFP)--The Salvadoran guerrilla headquarters has sent a letter to U.S. President Ronald Reagan proposing a dialogue "without preconditions, to find a political solution to the Salvadoran conflict." The letter was published today in San Jose by the Agencia Independiente de Prensa, AIP, which has ties with the Salvadoran left wing.

The document, datelined El Salvador, 18 January and signed by five of the top FMLN commanders, says that "Our proposal contemplates international negotiations and we are willing to initiate them at any time, without preconditions for any of the parties in conflict."

The solution proposed to Reagan by the FMLN also includes "a mutually agreed upon agenda, the presence of representatives of various movements as witnesses and the dissemination of the necessary information to the Salvadoran people on the progress toward a political solution."

The guerrillas reminded Reagan that the FMLN has previously made generous public offers for peace talks, to end the war and to begin a democratic and just order for all Salvadorans.

Nevertheless, the letter says in another paragraph that "unfortunately, we have confirmed your administration's opposition to a political solution."

In their message to Reagan, Commanders Salvador Cayetano Carpio, Joaquin Villalobos, Ferman Cienfuegos, Shafick Jorge Handal and Roberto Roca say that they read "very carefully your year's end message to the U.S. people, in which you talk of your peace efforts in the world and your grief for those are oppressed."

"We wish to tell you, Mister President, that we Salvadorans have been oppressed for centuries and that we are currently suffering the oppression of a military dictatorship that has now been in power for more than 50 uninterrupted years. Our struggle is against that dictatorship and if your heart grieves for those who are oppressed, we do not see any sense in the fact that it is precisely your administration that is the main support for the military-Christian Democratic regime in El Salvador."

In another part of their sealed five-page letter, the FMLN tells Reagan that the guerrilla struggle is not obeying orders from or interests of other governments such as Cuba or the USSR, as the United States has repeatedly said.

The letter adds: "The 30,000 people killed by the dictatorship in the past 2 years are neither Soviets nor Cubans. They are Salvadorans who wanted to live in peace and with dignity; the only foreign forces participating in the conflict are the U.S. advisers sent by your government."

"The commanders said that what prompts thousands of Salvadorans to struggle is the misery and repression imposed by the oligarchy and the military men, so how can anyone pretend to solve the Salvadoran conflict in terms of a confrontation between your government and the USSR Government? This is completely removed from our reality."

"To say that our war is an East-West conflict can only cause the regionalization of the war and increasing U.S. intervention, which will bring more suffering to the Salvadorans and to the U.S. people as well," they added.

"To pretend that the solution to the Salvadoran problem can be found in the coming March elections is to be completely removed from reality, for how can a democratic process be guaranteed in the middle of indiscriminate repression?" the guerrillas asked.

"If you can determine the future of the United States, they said, it is because you hold an office that you won in free elections, in which the U.S. people voted freely and in peace, an undisputedly necessary condition for a people to choose their rulers."

"We respectfully present to you the need for a change in your policy toward El Salvador," the FMLN spokesmen said. "We are only demanding the right, which is ours, to solve our problems by ourselves, without foreign intervention."

"If during this coming year your government is interested in and wants to achieve peace in the world," they concluded, "you have the opportunity to do so in El Salvador, not only by helping to achieve peace by not opposing a political solution, but also by taking the opportunity to build honorable and friendly relationships between our peoples."

CSO: 3010/735

CHURCH LEADER SAYS 'TWO WORLDS' EXIST IN COUNTRY

PA271445 San Salvador EL MUNDO in Spanish 25 Jan 82 p 3

[Text] "On analyzing our national salvation in order to give a pastoral view of the current times, we have seen that this past week we have been living as if in two different worlds which are becoming increasingly more defined," Msgr Arturo Rivera y Damas, apostolic administrator of the San Salvador Archdiocese, said in yesterday's mass at the cathedral.

He explained that the first of those worlds is that of the forthcoming elections, with its preparations and proselytizing and publicity campaigns. He added that this was also the world of diplomacy, the bilateral agreements and economic projects. "It is a world that gives the impression that the country is normal," Rivera y Damas stated.

Referring to the "second world," he said that it was that of the great tensions and of the large operations in the areas near San Salvador. He added that all of this is natural due to the fears and rumors about possible outbreaks of guerrilla actions in the capital. The armed forces are forced to act in this manner.

However, the monsignor lamented and condemned the fact that in some sectors those operations are not being carried out with the professionalism that the army and the security bodies should have. He noted that there has been an increase in the number of arrests and that there are reports that people who have not put up resistance have been beaten or their basic grains have been confiscated.

In that same "second world," the monsignor placed the harassment actions by guerrillas, the kidnappings, the dynamite attacks, the sabotages, the clashes and ambushes, even though there is an attempt to explain these actions as part of the war confrontation.

He indicated that the church knows that by proclaiming its word and fulfilling its essentially religious mission, it necessarily enters the political and social area.

He added that the church has clearly taught that evangelization and human promotion or liberation are intimately connected and that the defense of human rights is not removed from evangelization.

Monsignor Rivera y Damas said that there are some Christians who perhaps have been sidetracked by political options but that many more Christians have been scandalized by the church's position in favor of justice and there are Christians who slander and attack it and who even predict its disappearance.

"I encourage you Christians, Christian neighborhood communities, apostolic movements, priests and nuns to work in evangelization tasks and to contribute to the construction of peace in the country and the overall liberation of the Salvadoran man from the perspective of the gospel," the church leader said.

CSO: 3010/735

BRIEFS

KIDNAP CHARGES--Former army Maj (Guillermo Roeder) and four other members of his protective services company remain under arrest at the national police headquarters after having been caught in the last few hours by policemen, it was confirmed today to this radio station's press department. According to reports, Maj (Guillermo Roeder) was once president of the Salvadoran Institute for Industrial Development (INSAFI), which is now the Industrial Development Bank, and was expelled from the army in 1976 because of fraudulent use of INSAFI funds. The national police now state that Maj (Roeder) is linked to the kidnapping of industrialist (Guillermo Bustamante), which took place some 2 weeks ago in Santa Tecla and which was not disclosed until today, when the national police announced that the former major in question was captured as he tried to collect a ransom of close to \$4 million. The same sources added that the men will be handed over to the courts in the next few hours, together with evidence the police claim to have, and that they will also give further information on the arrest of former army Maj (Guillermo Roeder) and the four members of his protective services company, which protected industrialists and high-ranking men in the country. The former major now appears to be linked to the kidnapping of industrialist (Guillermo Bustamante), whose kidnapping had been kept a secret for more than 2 weeks and was only disclosed today. [Text] [PA300422 San Salvador Radio Cadena YSKL in Spanish 1555 GMT 29 Jan 82]

CSO: 3010/735

BRIEFS

BANANA STUDY--St Georges, Grenada, Tuesday. (CANA)--The state-owned Radio Free Grenada has reported that a high-level mission from the Windward Islands Banana Growers Association (WINBAN) and the British Development Division in the Caribbean is to pay an official visit here early next year. The radio said last night that the five-man delegation, which will include WINBAN's director of research, Dr Joseph Edmund and Don McKay, the association's deputy co-ordinator of finance is coming to review Grenada's five-year banana development programme now at the end of its fourth year. It said that the delegation was also expected to meet with officials of the banana industry in Grenada to discuss new proposals relating to the banana development programme. The programme, which is aimed at upgrading the skills of banana farmers, as well as making them self-sufficient, was launched in Grenada in 1978 with funds provided by the British Overseas Development Division in the Caribbean. The radio report said that since the programme was launched there were some initiatives, including several field demonstrations conducted on farmer's holdings at which the various aspects of banana agronomy were shown. [Text] [Bridgetown ADVOCATE-NEWS in English 30 Dec 81 p 3]

CSO: 3025/135

STATION STRESSES FAILURE OF PETROLEUM POLICY

PA012202 Guatemala City Radio-Television Guatemala in Spanish 0400 GMT
1 Feb 82

[Excerpts] The failure of Guatemala's oil policy was apparent last Friday when it was learned that there was only one offer in the six Guatemalan areas available for oil exploration.

This lack of interest has many causes, according to an investigation carried out by "Here's the World" newsmen. The first is a [word indistinct] legislation that is uncontrollable and a deterrent to investment by international oil companies. They must give Guatemala at least 55 percent of all discovered oil; the percentage is increased if the oil is exported. International oil companies complain that it is unprofitable to explore for and exploit oil in Guatemala because they would also have to pay income tax on any discovered oil.

Similarly, newsmen from the "Here's the World" newscast learned today that some of Guatemala's main oil advisers have been agencies of the United Nations, an organization that has always been opposed to Guatemala's interests, as was revealed in the Belize case. Another adviser has been Mexico, a country which would prefer not to have oil competitors in the region--besides supporting the guerrillas, as our military authorities have reported.

Repercussions of Guatemala's oil policy failure are not only economic because oil is a natural resource that is not available for use as a solution to the crisis that afflicts Guatemala's economy. Oil also influences state security since vital information is freely supplied to countries and organizations that have shown open hostility toward Guatemala, such as Mexico and the United Nations.

The amount of petroleum in Guatemala continues to be uncertain and production continues to be very low. Our country has not even passed the 8,000 daily barrels level. This situation seems to [words indistinct] if one bears in mind that there is not any interest in beginning new explorations. The bidding opened on (?2 July) 1981 and was modified on 6 November 1981 for six of the most attractive petroleum-prospecting areas. Only one offer was made, on (?29 January).

Nevertheless, the transnational oil companies' representatives in Guatemala have a great responsibility in Guatemala's oil policy disaster because they maintain an exaggerated and incomprehensible secrecy about the way that petroleum industry activities are handled. On many occasions, representatives and lawyers of these transnational companies and contract companies approached the "Here's the World" newscast to suggest (?strategies for) Guatemalan oil policy or to offer information. However, in both cases they always insisted on remaining anonymous, as if they wanted to throw the stone but hide their hands. This is a sad [words indistinct] responsibilities which is now leading to the disaster of Guatemala's petroleum industry. This harms the interests of the people, government and oil exploration companies.

CSO: 3010/736

COMMITTEE OUTLINES GUEVARA POLITICAL PLATFORM

PA312015 Guatemala City Cadena de Emisoras Unidas in Spanish 0050 GMT
30 Jan 82

[Text] We are currently going through a difficult phase in the nation's history, a phase that will be a determining factor for our future and the future of coming generations. This statement is made by the pro-Guevara Agrarian Committee [Comite Agrario Guevarista] in a special publication of Gen Anibal Guevara's manifesto to the Guatemalan people. The manifesto outlines the 10 commitments to be fulfilled by the upcoming government of the new era.

The document says that all Guatemalans must play an active role in building the fatherland of the future. Therefore, 7 March will be a decisive date because it represents our opportunity to take the fatherland to a better future.

The first 10 commitments that Gen Anibal Guevara has made to the Guatemalan people were drafted by the new era ticket following lengthy consultations with representatives of peasant organizations, civic committees, the private sector, professionals, labor unions, teachers and students, womens' and other representative organizations. These consultations confirmed General Guevara's belief that large and serious dangers are threatening the country.

The 10 commitments can be summarized as follows: returning to the Guatemalan people, within a 6-month period, the peace that is being wrenched away from them; economic reform programs to help more people become owners of land and homes and to stimulate investment and production thus creating at least 300,000 new jobs in a 4-year period; a substantial decrease in the cost of electricity, beginning with the abolition of the surcharge to cover the rising cost of fuel and purchased electricity; a policy to quickly produce low-cost food; encouragement and respect for free labor organization and guaranteed job and wage stability for public servants.

The other points in General Guevara's government program are total administrative honesty, incentives to education and efforts to enlarge the middle-class. Also, during General Guevara's administration Guatemala will not align itself with any power or bloc of countries and will adopt an independent position; it will guarantee the full exercise of the freedoms established in the constitution of the republic, and it will encourage the participation of the political opposition in the government's decisions.

CSO: 3010/736

TEXT OF BURNHAM'S NEW YEAR'S MESSAGE TO NATION

Georgetown GUYANA CHRONICLE in English 31 Dec 81 p 1

[Text]

PRESIDENT Forbes Burnham in his New Year message to the Nation has called on all Guyanese to "mobilise our natural and material resources for the good of all those who come after us."

The following is the President's message:

HAPPY NEW YEAR!

I AM sure that all of us wish that the year 1982 will be a happy one. Have you been dancing? Have you been praying? Have you been making pious resolutions soon to be forgotten? Never to be achieved? You know, there is a sameness about the break of every new year.

We try to forget the difficulties and the minuses of the previous year and assure ourselves that God and or the Fates will smile on us and on our country. Some of us have been imagining that we can be passive spectators of a new unfolding success or prosperity.

But comrades, the future is based upon the past and the future can only be good and bright if we note the past, learn its lessons and apply our imagination and initiative with determination and commitment to make this year better than the one before.

What has the immediate past, 1981, brought and

taught us? The escalation of the Venezuelan claim to seventy per cent of our territory and an attempt by that country to block finance from the World Bank for our Hydropower Complex; eighty-three violations of our airspace that is as far as we have been able to identify; notice of the intended termination of the Protocol of Port of Spain, come June of this year; the proposed purchase of some of the most sophisticated war planes. Our neighbours have been the duly developing country to vote against the resolutions of non-interference in the United Nations General Assembly and she has resuscitated the Border Brigade.

I remind you of these facts not to frighten you, but to bring some of us into the world of reality and to centre attention on the tasks and challenges of 1982.

Meanwhile, what of our economy? Sugar will have achieved 84.6 per cent of its target and 12 per cent more

than its 1980 production. Rice in the first crop was very good, but the second crop a disappointment; though the acreage now under preparation for the first crop 1982 is higher than ever and what with increased yields, 1982 promises to be a real bumper year. Incidentally, in another few days the government will be announcing substantial increases to rice farmers for their product.

Bauxite will be lucky to make 75 per cent of its target, though an investment of over \$40 million in the last half year in equipment and parts is expected to pay off in 1982. But remember that recession in the world economy has softened the price of aluminium and other bauxite products, and the world price of sugar hardly covers the cost of production.

If one looks at the world scene one notes the significant decline in the GNP of the United States of America; unemployment of about three million in Britain; poor performance in agriculture, and in steel in the Soviet Union; the Polish economy in shambles; Romania seeking to reschedule her debts; Costa Rica suspending payment on

her public debt of US \$2.7 billion, bearing interest of approximately \$1 million per day. The faint-hearted may think that the end is nigh. Indeed these are times that try men's souls.

We hear that there is a glut of crude oil in the oil market, but that glut is not reflected in the prices we pay for the refined product. We ourselves shall soon find oil but with the best will in the world the lead time will be between 24 and 36 months.

There are the tensions in the Middle East consequent upon Israel's annexation of the Golan Heights, and the growing confrontation between East and West over Poland's difficulties and the see-saw in Afghanistan, the obduracy of some of the developed countries in failing to recognise the urgent need to stimulate economic growth and improvement in the developing world. None of these singly or cumulatively would portend a bright

economic future for the inhabitants of this globe, where millions die of starvation and malnutrition takes its toll of several more millions. The developed countries may experience economic recession but they do not, and in some cases cannot even understand what absolute poverty means.

It seems to me that, while sometimes seemingly futile efforts are being made to advance the North/South dialogue, greater energy must be directed to ensuring a South/South dialogue, the pooling and rationalisation of the resources of the developing world, sub-regionally, regionally and globally. The North will only listen and take heed when it perceives that the South is of one mind. Ours is not a quest for domination but the pursuit of justice.

At the same time countries like ours must develop to the optimum and the maximum our relevant

resources. Fleeing to the developed countries is not the answer. You no doubt have heard of the principle of last in first out.

In Guyana we undoubtedly have oil, but even when that comes on stream the proceeds must be deployed to restructure our economy, instal the necessary infrastructure, and provide the essential amenities and services which our people deserve.

Here we may take note of the fact that the first phase of the Tapakuma Project is completed and capitalises on the higher resultant productivity of the lands in the Essequibo region.

It is proposed to deploy the financial resources of the newly established Guyana/Libya Agricultural Company there, and in the Demerara/Berbice area to increase our food production and provide reasonably priced food for our people,

and surpluses to feed others. The progress of the work in the MMA Scheme has been satisfactory and given the necessary enthusiasm and utilisation of facilities, this Scheme can make a significant contribution to our agricultural drive.

The Guyana/Libya Fishing Company recently established, is also expected to ensure a greater supply of fish and shrimp not only for Guyanese consumption, but also for export. The expansion and production of legumes, root and green vegetables, which is the concomitant of our policy of feeding the nation can and should additionally provide the source of foreign exchange. Food is a critical commodity. We must not be satisfied with the assurances that we do not, cannot, and will not ever starve. We should at the same time ensure that to the mutual advantage of both sides we save others from starvation. We can and must harvest more fish, we must move to

self-sufficiency in dairy products and if we harvest the millions of coconuts which our groves yield, we shall move from being a net importer to being a net exporter of edible oils and fats. This will require many hands. This will compel in many cases, a reorientation of employment and occupational preferences.

In the public sector, our trading corporations like the Guyana Stores Limited, the Guyana National Trading Corporation and the Guyana National Engineering Corporation have done well in terms of financial returns, but they must do better especially in terms of making available to the public, locally produced commodities, which we shall have to substitute for some of the consumer items which we still import.

We can no longer tolerate academic lectures on marketing. Our marketing outside of Guyana by our Forestry and Food Corporations must be aggressive and successful. At the same time Corporations like GEC, GTC and GTSL must increase their efficiency at all levels. It is traditional for managers to ascribe inefficiency to their subordinates, and for workers to blame such inefficiency on managers. This is not the Garden of Eden where Adam blames Eve and Eve, Adam and the serpent. We are all involved and our very survival depends upon performance and co-operation.

In 1981, a year of great difficulty, over \$57M. was paid out to the Public Sector employees. This was not intended to be a bonanza, but in many cases an anticipatory spur to greater and more efficient production.

Incentive schemes have been set in place and they must be made to work by both sides in the various industries, agencies and ministries. The people of Guyana cannot afford feather

bedding, time wasting and laziness in the Public Sector, or elsewhere for that matter. I promise you that I shall use every bit of machinery at my disposal in 1982 to see that the tax-payers are well served.

Comrades, we face not only the concomitants of an international economic crisis, but a claim to over two-thirds of our patrimony. Only a productive people can throw defiance in the face of the haughty enemy. We are prepared to indulge in peaceful dialogue, but if perchance the other side rejects such dialogue, we must be equally prepared to say, thus far and no further! We are not lacking in natural and material resources, let us not then be lacking in human resources and resourcefulness.

1982 will only be happy if we combine all these resources for the good of Guyana and for the good of those who come after us. The darkest watch of the night is the one before the dawn.

HAPPY NEW YEAR!

CSO: 3025/133

JAGAN INTERVIEWED ON DOMESTIC, INTERNATIONAL TOPICS

Views on Major Issues

Georgetown SUNDAY CHRONICLE in English 3 Jan 82 pp 8-9

[Article by Frank Campbell, Ronald Waddell, Narmala Shewcharan, George Alleyne: "He Was Still the Reporter's Dream: And Still Hopes To Be President"]

[Text] He was nervous and apprehensive at first. This was understandable. It was the first time the CHRONICLE was interviewing him since at least 1978.

Yes it turned out to be a good interview. After all these years, Cheddi Jagan was still in many ways the reporter's dream.

He was frank about the Polish situation. He was strangely hazy about the successes of the 1957-1964 People's Progressive Party Government. He was doubtful that that government had made any errors. And he was certain that one day he would be president of this country.

"It was work as usual" he replied hesitantly when we asked how he had spent 1981. The fingers of his right hand were spread on his jaw as he wondered where we were coming from.

We had warned him that it was going to be a tough interview. We had refused his request to submit our questions in advance. We had refused also to submit our manuscript to him to "check for factual errors."

And now, we paused to let him know that the answer on his 1981 activities was not sufficient. "Both home and overseas," he added.

Then he gave a list of the major events in which he was involved: the 26th Congress of the Communist Party of the Soviet Union; lectures at several universities in the United States where both his children still live; the second congress of the Workers' Party of Jamaica; and two solidarity conferences in Grenada.

He went on "At home, we had the usual round of activities....meetings of the Central Committee, the Executive Committee and the Secretariat of the Party and of course large numbers of public meetings in different parts of the country."

According to his own estimate, he spent about a quarter of the year travelling overseas. "A party like ours must work both at home and overseas," he explained.

Later, he telephoned to explain that this length of time was inflated by a five-week period spent recuperating at a sanatorium at Soch on the Black Sea to the south of the Soviet Union.

He acknowledged an earlier statement that he received "greater" intellectual stimulation travelling overseas than participating in local activity.

"The reason is the rather low level of debate and discussion in this country at the ideological level. Speaking at universities gives me the opportunity not only to learn about what's new about research and social development but also in terms of exchange of information and keeping abreast with the times."

We asked for his analysis of political and economic developments in Guyana during 1981.

"I would say that the deep social, economic and political crisis has got deeper."

He quoted the CHRONICLE of 81-12-06 with regard to the difficult foreign exchange situation.

"At the political level, the political crisis continues largely because of the establishment in this country of bureaucratic, administrative and police methods of rule without meaningful involvement of people at different levels of society."

He quoted Vice-President Desmond Hoyte's statement to the PNC biennial congress of the People's National Congress about production being "abysmal" and he predicted "further economic pressure" during 1982.

What about the international situation?

"This year, as in the previous year, the international situation has become very aggravated. This is due to the fact that in the last five years of the last decade there was a shift in the world balance of forces against world capitalism/imperialism, more particularly in our own region with revolutions in Grenada, Nicaragua and progressive political changes elsewhere--without referring to Africa [Mozambique, Guinea-Bissau, Ethiopia and so on], the Middle East [Iran, and Yemen] the Far East [Afghanistan and Kampuchea] which caused reactionary quarters to become hysterical.

He also pointed to an "attitude to restore the cold war with the attendant anticommunist hysteria."

He spoke about Poland. He blamed the cold war (which provides the general context in which to view this problem) as well as the influence of the Catholic Church and leadership errors for the Polish situation. He also blamed inflation in the capitalist world and the resultant price increases which sparked popular resistance.

At this point we were brought back to local politics by the need to shift around to facilitate the work of our photographer.

"If I had a bigger office as Leader of the Opposition, you would not have this problem. I have been fighting for this since 1976 when we returned to Parliament.

We reminded Dr Jagan that at one stage his party had denied PNC claims that Guyana was affected by an international economic crisis. Then it admitted there was an international crisis but said it was a capitalist one and only affected capitalist governments like the PNC's.

Now he was admitting that this same crisis affected Poland, a socialist country. How does he reconcile these changing positions?

He replied that the PPP never said external situations did not influence countries' internal realities. However, he added, the PPP's position was that such developments did not affect the socialist countries as much as in the case of "Third World countries like Guyana pursuing a capitalist path."

Now that some socialist countries were approaching the International Monetary Fund, does the PPP maintain its criticisms of the PNC for going to the I.M.F.?

His response was predictable: "We look at it from a dialectical point of view and do not deal with this question only simplistically."

The I.M.F., he said, imposed certain conditions demanded by the United States government. If it is possible to get the loans without the conditions or "strings," that is O.K. He cited Grenada as an example. Many other Third World countries were fighting for this, he added.

How come, then, when Guyana negotiated unusually good terms from the I.M.F. this was viewed by the PPP not as a great socialist or Third World victory, but as evidence that the PNC government was in collusion with imperialism.

Said Dr Jagan: "We can only reconcile it by taking a class position. We can't compare Grenada with Guyana."

He cited the Investment Code as proof that the PNC had deviated from its Declaration of Sophia position and so if Guyana obtained good terms, it was clear that this was not a victory but evidence that the PNC had softened its position.

When we came to the Caribbean scene, he had some very tough things to say about the political and economic developments and the human rights position of virtually all Caricom governments.

Soon, we were talking about Guyana once again. What are his hopes of ever becoming Head of Government?

He paused. "I...first of all do not consider that the number one question though personally I am very confident that it will happen."

Then he continued: "What I am more concerned about is where the country is heading, and that is, it must pursue a revolutionary-democratic, socialist-oriented course towards socialism, which is not happening and the state must serve the masses of working people which also is not happening at the moment."

Asked when and by what means he hopes to be catapulted into power, he replied: "I can't say. We are not astrologers. We are confident, however...it depends, of course on what the Government does. It depends upon the PPP's ability to improve its organisational work," he declared.

We asked him about his accusation that the PNC had been in league with the CIA. Where was his proof?

He started by referring to a report of June and September 1963 which "cited 50 top CIA agents and PNC people of dynamiting...." He admitted, however, that "the report did not say that they were agents I am calling (them) CIA agents."

He spoke about "other things" tying up PNC leaders and certain local trade unionists "meeting in hotel rooms." He spoke of a report by (then) NEW YORK TIMES reporter Neil Sheenan and referred to two LONDON TIMES articles.

Then he made his favorite references to Arthur Schleissenger's One Hundred Days which said, in effect that the Kennedy government, after Burnham visited them and departed decided that he (Burnham) was the man they should support in Guyana.

We told Dr Jagan that no where in Schleissenger's book was there even a suggestion that Burnham was a part of this "plot" that at most Schleissenger was saying that they privately decided that Burnham was the 'safer' man.

He admitted that these were things he was "putting together to make up a case" and that his case was circumstantial. "People have been sent to the gallows on circumstantial evidence."

"Yes," we rejoined, "people have been sent to the gallows on circumstantial evidence."

He closed this part of the discussion: "I think this is a waste of time. I thought it was so well established."

Dr Jagan talked about the media. Then he spoke enthusiastically about the strength of his party.

When we asked about the PPP's relations with the Working People's Alliance, he lowered his voice. "We have friendly relations, with them," he said.

Then he provided proof: "We addressed together three conferences--two in Grenada and one in Suriname."

At this stage we asked: "Anything else you wish to say on those relations at the present time?"

"No," he replied curtly.

We spoke about the successes of the PPP government. Cde. Jagan, obviously affected by the passing of 17 years, remembered only a few, and with great difficulty.

Were there any errors? "I can't think of any."

After he had fielded questions on subjects as varied as GIMPEX and cultural integration, we brought our two-hour interview to an end.

On our way out, Youth and Education Secretary Feroze Mohammed offered us some books. International Secretary Janet Jagan was not satisfied. "Have some more," said she, "for your education."

Instantly, we realised that we had come a long way from the friendly atmosphere which prevailed during the interview in her husband's office.

Caribbean Problems

Georgetown SUNDAY CHRONICLE in English 3 Jan 82 p 8

[Text]

"OUTSIDE of Trinidad with its oil, practically every Caribbean country is faced with serious financial problems" stated Dr. Cheddi Jagan, Leader of the Minority during his interview with the Chronicle on Wednesday.

But he noted that, despite Trinidad's oil wealth, there was still "a great deal of discontent" in that country.

The Minority Leader pointed out that even Barbados, once deemed to be politically and economically stable, was experiencing problems. He said that several factors had contributed to the economic and financial problems.

"The crisis of world capitalism is being exported to these countries.

"Colonial and neo-colonial policies prevail.

"Mini states with maxi

bureaucracies exist

"Political instability is present

"There is a trend towards the "Latin Americanization of politics," such as the denial of rights and a creeping dictatorship.

Dr. Jagan observed that in Trinidad, services were mostly inefficient, houses were difficult to find and rentals were very high because of the inflation rate.

On the political situation in Trinidad, he said, "In my view PNM has won the election... ..regained power due to the default of the opposition."

He stated that after the death of Eric Williams,

"the vacuum was not filled by the left, but by the right.

"Imperialism," he concluded, "wants to do with Trinidad what it did with Jamaica."

CSO: 3025/133

MORE GOVERNMENT MINISTRIES TO BE PUT UNDER REGIONAL COUNCILS

Georgetown: GUYANA CHRONICLE in English 30 Dec 81 p 1

[Text]

More government ministries will be brought directly under the umbrella of the Regional Democratic Council, according to the Permanent Secretary to the Ministry of Regional Development, Cde Stanley Hamilton.

At the moment only the Ministries of Agriculture, Co-operatives, Works and Transport, and Regional Development have been decentralised.

Cde Hamilton stated Monday that the new local government system had, during the first year, achieved more than the old local government system in that it was able to integrate more people and give them more power.

He was addressing heads of departments and senior public officers of Region Six at the Fort Canje Hospital. The Permanent Secretary said that from next year, the administration would be strengthened and the region would have a free hand to control all its finances and plan its own priority and economic development works.

This would be the first time that a region will prepare and have its own budget which will be integrated in the 1982 national budget.

Cde Hamilton described the regional budget as a

production-oriented budget based on the premises of targets set out by the administration.

He explained that for targets to be attained, the administration work programme must be able to motivate and mobilise people and remove pressures and bottlenecks on farmers. Cde Hamilton also stressed the need for new attitudes among workers and urged public officers to adopt and accept the climate of regionalism and to perform their tasks faithfully.

"You must demonstrate the attitude to work harder in 1982 and give support to the region in which you work and live," he said.

Earlier, Regional Executive Officer, Cde Eustace Wilson, called upon public servants to remove the attitude of departmental pride and exclusive pride and develop closer relationships between department and department and officer and officer.

He said "if we are to serve the public properly, we must be able to relate to one another well".

Cde Wilson pointed out that public servants should see themselves as community leaders always ready and willing to serve and guide the public. — (GNA).

NATION'S SURVIVAL THREATENED BY ECONOMIC BLOWS IN 1981

Georgetown GUYANA CHRONICLE in English 31 Dec 81 p 1

[Text] Mechanical downtime, production shortfalls, industrial disputes, power outages and fires characterised the economic climate of Guyana for the year 1981. But the country survived these economic blows--just barely.

This year saw the national incentives scheme taken a step further towards becoming an integral part of the government's wages policy. In 1981, Guyana laid the foundation for the country's first tractor assembly plant in a move aimed at giving a further fillip to the agricultural sector.

This year also saw the completion of the 105 kilometre Mabura Road, one of the few projects to be completed ahead of schedule. The Mabura Road has the potential of stimulating numerous economic activities in the hinterland. It can also assist to improve Guyana's trading relations with neighboring Brazil.

In 1981, also the United States vetoed and later approved Guyana's application for a sixty million dollar agricultural loan from the Inter-American Development Bank (IDB).

A further setback occurred when Guyana had to bow under intense pressure from the international money markets, while at the same time, responding to the need for increased foreign exchange by revaluing the Guyana dollar.

Despite these setbacks, however, the country's capital programme continued. Work has already begun on a mechanical workshop for the Guyana Transport Services Limited, and phases one, two and three of the construction of the vegetable oil mill are moving ahead as planned.

The construction of the Demerara Fish Port Complex is progressing, and bicycles are being assembled in New Amsterdam. Also, the Sanata Textile Mill has already achieved its 1981 production target.

The progress of the Forestry Complex at Mabura was one commendable aspect of development, within the forestry sector during the year under review and there is indication that this project will serve to significantly boost the forestry sector in 1982.

The Tapakuma Irrigation Project is nearing completion and already several hundred hectares of cultivable land have been opened for agricultural purposes.

The Mahaica-Mahaicony Abary Agricultural Development Authority is in the process of opening up more lands for cultivation.

The results of these ongoing capital programmes will not be seen immediately. Rather they are the foundation upon which the country's economy is being strengthened. It is the laying of such a foundation, which in spite of the current crisis, makes the future look bright for Guyana.

Generally, Guyana has survived 1981 without having to resort to begging for handouts as many developing countries have been forced to do. It is anticipated that several projects which will have a positive effect on the country's economy will come on stream in 1982.

However, based on the current world economic climate characterised by protectionism, inflation and low prices for commodities from developing countries, Guyana has to expect to face another difficult year in 1982. (GNA)

CSO: 3025/133

SUGAR OUTPUT PASSES 300,000 TONS; WORKERS GET INCENTIVES

Georgetown SUNDAY CHRONICLE in English 3 Jan 82 p 1

[Text]

THE sugar industry has passed the 300 000-ton mark with an actual production of 300 750 tons which represents 94.6 of the revised 1981 estimate of 317 804 tons.

Boiling off operations for the second crop are still in progress, and the total of 300 750 for the year will, therefore, increase by a small additional amount.

The achievement for the first crop was 109 720 tons of sugar while the second crop production now stands at 191 030 tons or 91.8 per cent of the crop estimate of 208 084 tons.

The Corporation disclosed

that the major constraints during the year were unfavourable weather and factory mechanical downtime.

However, towards the end, there were adequate favourable harvesting intervals in the wet period to enable the industry to work as a cohesive production force which led to the year's achievement.

Chairman of the Guyana Sugar Corporation Cde. H. B. Davis, stated that he was pleased with the final production attainment which could not have been possible without the careful planning, organising and monitoring by the managerial workers and the understanding and co-operation by the non-managerial workers.

There were some difficult periods but the general indication is that all levels of workers gave cognisance to Guyanuco's Motto of: "CONSULTATION AND CO-OPERATION NOT CONFRONTATION."

Cde. Davis said that all estates performed creditably, bearing in mind their particular local problems, and he singled out Albion-PM, Rose

Hall and Enmore for their good production attainment.

The Chairman of Guyanuco said that as a result of the efforts of the workers which led to the passing of the 300 000 ton mark, all qualified estate workers will receive at least eight days' payment under the ANNUAL PRODUCTION INCENTIVE Agreement.

There are some estates which will earn payments up to 13 days' pay because of their individual contribution.

Four estates have been awarded bonuses under the Corporation's Special Monthly Incentive Scheme for the month of December. The workers of Blairmont will receive three days' payment, Rose Hall two days, Enmore and Uitvlugt one day each.

In the national interest, the Corporation has decided to make good use of the existing favourable weather and will keep Skeldon operating for another week while Blairmont and Uitvlugt factories will be operational for a while since canes are available.

These estates, therefore, are beginning the industry's 1982 first crop from next week.

BRIEFS

DAIRY DEVELOPMENT FUNDING--The Inter-American Development Bank (IADB) is to provide US\$370,000 for a feasibility study of the development of the dairy industry in Guyana. Local financial input for the study has been estimated at US\$5,000. The project, which will include an examination of the feasibility of small farm development, the establishment of specialised dairy units and a milk processing plant, is expected to begin in 1982. Other areas to be examined are the improvement of available technical services to the dairy sector, and existing milk collection and transportation facilities. According to an official of the Ministry of Agriculture, the milk processing plant being considered for Guyana will be equipped with machinery which may process milk at ultra-high temperatures. This processing method allows for a long non-refrigerated shelf life, the official explained. Currently, the dairy industry in Guyana suffers from a number of constraints. There is need for a proper transport and distribution infrastructure and the education of small farmers in better husbandry. In addition, the services of trained technical personnel at both the professional and sub-professional levels are also required. The Ministry official pointed out that in the area of animal health, the dairy industry had been boosted with the establishment of the veterinary diagnostic laboratory. (GNA) [Excerpts] [Georgetown GUYANA CHRONICLE in English 29 Dec 81 p 1]

NEW AIRSTRIP--The transportation of goods to and from the Rupununi region will receive a much needed boost, with the construction of a new airstrip at Lethem. The vital air services to Lethem will, however, not be disrupted as the new 1,820 metre airstrip will be built adjacent to the existing one. Construction work on the new airstrip is scheduled to begin in January 1982, and will be carried out in three phases. According to officials of the Civil Aviation Department (CAD) the Guyana Government has allocated \$150,000 for the first phase, which involves the levelling of the airstrip site. In addition, Home Oil Company, a Canadian company which is at present exploring for oil in the Takutu Basin, has agreed to lease the heavy equipment necessary for the levelling operations of the first phase. The utilisation of the home oil equipment, which is already located in the area, is expected to cut short the duration of the first phase, the CAD officials explained. The other two phases will comprise the filling up, compacting and surfacing of the airstrip. Personnel from the Roads Division and other departments of the Ministry of Works and Transport will be included in the construction team. (GNA) [Text] [Georgetown GUYANA CHRONICLE in English 30 Dec 81 p 1]

NATIONAL BANK GROWTH--The Guyana National Co-operative Bank, established in 1970 now controls 26.4 percent of the total assets in the commercial banking system in Guyana. This position, reflected in the annual report for the end of 1980, also represents an increase of 1.4 percent over the 1979 figure, as the assets of the bank continued to grow within the commercial banking system. Commenting on this achievement, the lead article in the December 1981 issue of "Dollars and Sense" (organ of the GNCB) said the growth and expansion of the bank over the years of existence is reminiscent of its operational success. There are five other commercial banks in Guyana. Royal Bank of Canada, Barclays Bank International, the Bank of Nova Scotia, the Chase Manhattan Bank and the Bank of Baroda. "We are continuing with our efforts to provide a wider range of services in order to be more accommodating to our customers," the article said. [Excerpt] [Georgetown GUYANA CHRONICLE in English 30 Dec 81 p 3]

DPRK GIFT OF ENGINES--Technicians of the Ministry of Fisheries and the Guyana Fisheries Limited (GFL) will on Monday examine and be briefed on the operational properties of 10 boat engines, which were presented to the industry by the Democratic Peoples Republic of Korea (DPRK). Nine of the engines, which arrived in the country earlier this year, will be inspected on Monday, January 4, at the Guyana Fisheries Limited at Houston. One has already been inspected at a formal presentation ceremony attended by Fisheries Minister Robert Williams. A Korean technician, along with an interpreter, is now in Guyana on a period of attachment to explain to local technicians the features of the engines. According to an official of the Ministry of Fisheries, the boat engines, with slight modifications, could also be utilised in other areas of the industry. He disclosed that Fisheries personnel were considering the possible utilisation of the engines for purposes other than powering fishing boats. (GNA) [Text] [Georgetown GUYANA CHRONICLE in English 1 Jan 82 p 10]

CSO: 3025/134

ALVAREZ MARTINEZ ELECTED NEW ARMED FORCES CHIEF

New Military Chief Interviewed

PA270245 Tegucigalpa Cadena Audio Video in Spanish 1145 GMT 26 Jan 82

[Interview with Col Gustavo Alvarez Martinez by Ochoa y Martinez]

[Text] Colonel Gustavo Alvarez Martinez, new chief of the armed forces, who was elected last night by the Honduran National Congress, had not yet received the support of the three parties, Liberal Party of Honduras, National Party of Honduras and the Innovation and Unity Party, when he told Radio America what he would do if he were chosen for that office.

[Begin recording] [Col Alvarez Martinez] If chosen I would do what any soldier would: respect the law.

[Question] What background did you have for your nomination as a candidate, as one of the three candidates?

[Answer] Well, the council [referring to the Armed Forces Supreme Council] is a collective body and it decided that I should be one of the three candidates.

[Question] To what do you attribute the support that the Nationalists and Liberals have publically expressed for you?

[Answer] I really would not be able to explain it. I have always worked as a professional.

[Question] What do the other candidates, Colonels Montoya and Flores Theresin, think?

[Answer] I could not say what their opinion is.

[Question] And yours?

[Answer] Well, they have all the qualities and the prestige to hold the office.

[Question] Some organized sectors of the country, especially those with which you have dealt in the past, have said that if you were chief of the armed forces, an environment of repression against those organized sectors might be created. What is your opinion?

[Answer] I can only tell you one thing. As a public official, currently as commander of the Public Security Forces [FUSEP], I have not repressed anyone. If the organized sectors respect the law then they will have no problems with the authorities. It is as simple as that. I do not know why they want to create this image which is totally inaccurate. If you protest, or someone protests, and you respect the law you will have no trouble. But, if you are going to take over a bridge, burn buses, take over private property, take hostages, take over a state institution, then how can you expect the public forces not to act? I want this to be very clear: I am against no particular person. I am against public disorder.

[Question] What is your opinion on subversion?

[Answer] I do not think this subject is worth discussing at this time.

[Question] When could we talk about this?

[Answer] At any other time, but not now.

[Question] What is your opinion on the political parties? What role do you think they should play?

[Answer] The political parties provide the dynamics for a country's political evolution. Through that competition among the parties the country will be able to evolve. I think they have a great responsibility and should bear this in mind. As they renew themselves so will they renew the political unity of the country.

[Question] How are your relations with Dr Suazo Cordova?

[Answer] Cordial.

[Question] Some Liberals say that you lead a coup d'etat against him.

[Answer] That is their opinion. [end recording]

New Chief Rejects Coups

PA270325 Panama City ACAN in Spanish 1447 GMT 26 Jan 82

[Excerpt] Tegucigalpa, 26 Jan (ACAN-EFE)--Colonel Gustavo Alvarez Martinex, who was elected new chief of the Honduran Armed Forces by the National Congress at dawn today, said in his first statement that coups d'etat should disappear.

Alvarez Martinez, a career officer who was graduated in Argentina and who is currently the commander of the Public Security Force (police), believes that "coups d'etat are not a solution to the situation that Honduras is experiencing and therefore the liberal government cannot fail."

CENTRAL BANK PRESIDENT ON ECONOMIC REACTIVATION

PA311911 Paris AFP in Spanish 1213 GMT 30 Jan 82

[Text] Tegucigalpa, 30 Jan (AFP)--Gonzalo Carias Pineda, the new president of the Honduran Central Bank, has replaced Praxedes Martinez, to whom leadership circles attribute "responsibility for the economic and financial maladjustment which has recently been punishing Honduras."

Carias Pineda said that "through its Central Bank, the Honduran Government will, in the near future implement an emergency plan to promote exports, increase the influx of currency reserves and increase the confidence of the private sector to improve the Honduran economy."

In his first public statement the official said that "the situation of the national economy is not as attractive as we would like it to be since the growth of the 1981 gross national product was almost zero and this year we expect it to increase a modest 3 percent."

He added that the "Honduran people should not lose confidence in the national currency," the lempira, which now has an exchange rate of 2 to 1 dollar.

He said that he will immediately contact Miguel Angelino, an official at the IMF, to "discuss a loan with ample terms" which Honduras wishes to obtain from that organization. Carias said that the existing agreement with the IMF "is very strict" and makes the work to reactivate the Honduran economy very difficult. He said that the other international credit organizations which cooperate with Honduras have expressed their intention to continue and even expand their aid programs.

He added that "according to the talks held with Arturo Corleto, the new finance minister, measures will be adopted to decrease the cost of government because this expense has been a decisive factor in increasing the Honduran fiscal deficit in the last few years."

CSO: 3010/737

BRIEFS

PEASANT UNITY FRONT CRUMBLES--In its recent meeting during the last days of January, the Honduran Peasant National Association [ANACH] decided to immediately withdraw its representatives from the Honduran National Peasant Unity Front [FUNACANH] and the provisional board of directors. Starting from this date, the ANACH members have been deprived of any authority to continue representing that organization in FUNACANH. ANACH has also informed the national labor and peasant movement and international organizations of its decision. [Text] [PA020400 Tegucigalpa Cadena Audio-Video in Spanish 2230 GMT 1 Feb 82]

ARMED FORCES AGAINST COUPS--Tegucigalpa, 21 Jan (LATIN-REUTER)--The Honduran Armed Forces' Superior Council, comprised of 27 colonels and 2 generals, has promised not to participate in coups and to respect and enforce the new Honduran constitution. The military officers took their oath in front of President Gen Policarpo Paz Garcia, who will soon step down from power. [Excerpts] [PA230446 Buenos Aires LATIN in Spanish 1854 GMT 21 Jan 82]

CSO: 3010/737

POLITICAL AFFILIATIONS FIGURE IN GANG WAR SHOOTING OF SIX

Kingston THE DAILY GLEANER in English 31 Dec 81 pp 1, 15

[Text]

SIX PERSONS have been shot dead in gang warfare in Arnett Gardens, otherwise called "Concrete Jungle", a People's National Party stronghold in lower St. Andrew, since Friday, spawned by an attempted truce between "Angola" in Arnett Gardens, and nearby "Rema", a stronghold of supporters of the Jamaica Labour Party.

Police reports said that three people were killed in the "Mexico" section of Arnett Gardens on Tuesday night, bringing the total to six persons killed in what the police described as "gang warfare" in the area since Monday night.

But citizens of the area told the Gleaner yesterday that the violence erupted on Friday night after a Christmas party held in "Rema" where "socialists" from "Angola" attended, in a quest to secure peace in the community which was constantly under harassment from the police and rival political factions.

The first three victims were killed on Monday night when gunmen invaded a house, firing high-powered weapons. Police reports yesterday said three more persons were killed early yesterday morning.

EXODUS

The three killed yesterday have been identified by the police as Earl Robinson, otherwise called "Lunan"; Joseph Daley known as "Baby Joe"; and the third man identified only as "Bagga".

When the violence erupted on Christmas Day, scores of people fled the community to seek refuge with their families and friends. The exodus continued up to yesterday when Gleaner staffers visited the area.

The "war zone" takes in two adjoining communities popularly called "Angola" and "Havana" where last night gunmen from both sides stepped up their forays. A strong detachment of police yesterday morning moved into the troubled area. The atmosphere calmed in the afternoon but erupted again into gun

battle between the two factions.

What started the feud is not clear, as not many reports are coming out of the embattled communities. One version is that "socialists" in "Angola" want peace with their political opponents down in "Rema," but this is opposed by the "socialists" in "Havana" who say there can be no peace with the J.L.P.

When the Gleaner staffers visited the area yesterday afternoon, residents said that scores of people have fled the area seeking refuge with their families and friends.

The exodus they said started from Friday night when the violence erupted caused by an attempted truce between the "socialists" of Angola and the "labourites" in Rema following a Christmas party held in Rema on the same night.

Those in "Havana" claimed that the "socialists" from "Angola" were selling themselves out to the "biggest bidder", since they claimed money was flowing in the "Labourites" camp. Some citizens in "Havana"

alleged that after the party the 'socialists' from "Angola" were given additional weapons for the purpose of terrorising those in "Angola" who did not want to participate in the truce.

The citizens claimed that this was done, but those in "Havana" resisted and as a result between eight to nine persons have been killed.

The area had the look of war zone. No one was on the streets, but the echoes of gunshots could be heard from afar.

The Gleaner team approached the area just in time to see men from both sides - "Angola" and "Havana" - seeking cover, apparently believing the police were coming.

A news cameraman who took a photograph of a man from "Angola" who was armed with an M-16 rifle, had to pass over the film to this "sentry".

While reporters talked to

those from "Havana", gunshot bursts nearby causing several people to flee in different directions.

Citizens in the area told the Gleaner that since Friday gunshots have been firing night and day. "There is no peace," one said.

Another said: "We want peace. We are tired of police raiding the area, knocking down doors, claiming that we have wanted men in our homes."

As the gunshots erupted again, the newsmen had to leave the area without getting to talk to those from "Angola".

"Angola" is bounded to the east by Collie Smith Drive and to the west by West Road, south by Eighth Street and north by Ninth Street.

"Havana" is a National Housing Trust housing estate adjoining "Angola" to the north, behind Calvary Cemetery.

MANUFACTURING SECTOR SAID TO REMAIN IN 'DEEP TROUBLE'

Bridgetown ADVOCATE-NEWS in English 30 Dec 81 p 9

[Text]

KINGSTON, Jamaica, Tuesday (CANA) — The Jamaican manufacturing sector is still in deep trouble despite regular statements here indicating the start to a turn-around in the island's economy, according to Sam Lawrence, the Executive Secretary of the Jamaica Manufacturers Association (JMA).

"In absolute terms the manufacturing sector seems to have done about 5.0 to 7.5 per cent better in the first six months of 1981 compared with the same period in 1980," Mr. Lawrence told the Gleaner newspaper in an interview. "(But) if we take inflation into consideration, using a conservative figure of 10 per cent, that could be reduced to minus 3.0 per cent."

According to the Gleaner, Mr. Lawrence said he was sceptical and nervous to think of the figures for the second half of the year, as performance over that period was "very bad."

Among the reasons for the problems facing manufacturers, he said, was a contraction in the local market, particularly evident in foot-

wear, garments, and, to a lesser extent, food.

"The reason for the contraction is that although it appears that there has been an increase in economic activity in recent times, it seems that disposable income of the average person is lower and all indications are that people are spending less on manufactured goods," he said.

Prime Minister Edward Seaga recently said that inflation for the first 10 months of the year was running at 4.6 per cent, and in an earlier speech had predicted that inflation for the whole year would be no more than 7.0 per cent.

Inflation in 1970 was 27.1 per cent.

With government holding its wage increases this year to 9.0 per cent, Mr. Seaga said that it was the first time in several years that inflation would not be ahead of additional income.

Mr. Lawrence blamed competition from foreign imports as another of the problems facing local small manufacturers.

The government's policy of deregulating the economy has

brought more goods onto the Jamaican market, and while the JMA supports the policy, Mr. Lawrence advised caution in its implementation.

Said he: "The JMA has publicly declared its support for deregulation on a planned basis. That means you are deregulating, but at the same time you are not destroying the structural arrangements that already exist."

"You should allow time for the structure to adjust when you are implementing deregulation. I think deregulation cannot be an open policy, you still have to put on some type of regulations to limit the extent to which you will allow competition."

Mr. Lawrence also expressed some concern over what he said was the administration's generous "no funds licences" system, which he felt had developed a brisk black market trade in U.S. dollars.

When "no funds" licences are granted here the Bank of Jamaica (Central Bank) does not have to find the foreign exchange to pay for imports, which, presumably, will be

CSO: 3025/132

BRIEFS

CREDIT OF \$3M FROM BRAZIL--A U.S. \$3-million line of credit to Jamaica, and the naming of a new Ambassador to Jamaica, were announced yesterday. On the line of credit the Embassy said: "This credit facility may be used to import capital goods and consumer goods from Brazil and will be administered by the Bank of Jamaica. The formal documentation of this agreement has been sent to the Jamaica Export Credit Insurance Corporation for signature, and the line of credit will be in place when these documents are returned to Brazil. Brazil's highly-industrialized production sector offers a vast range of goods, many of which should be of particular interest to Caribbean importers, both in the manufacturing and the agricultural fields, where Brazil and Jamaica have much in common. Being a tropical country, Brazil has developed appropriate technology for the wide acceptance of Brazilian industrial equipment in the developing nations and for Brazil's increasing importance in world trade." [Excerpts] [Bridgetown ADVOCATE-NEWS in English 30 Dec 81 p 9]

CSO: 3025/132

BRIEFS

FRG POLITICIANS COMMENT--It is still too early to make a final appraisal on the evolution of the Sandinist process, Claus Lindenberg and Hans-Eberhard Dingels said this afternoon in Panama following a visit to Nicaragua. Lindenberg is an adviser to the president of the Socialist International, Willy Brandt and Dingels is secretary of international relations of the German Social Democratic Party. Lindenberg and Dingels expressed the hope that the Nicaraguan Government will uphold the three original objectives of the revolution that overthrew Somoza: political pluralism, mixed economy and nonalignment. Lindenberg and Dingels noted that the idea supported by Panama and the Socialist International for the pacification of Central America through dialogue was valid during General Torrijos' time and continues to be valid today. They added that in Europe some feel that Panama is the starting point for a program of solutions to Central America problems. [Text]
[PA301601 Panama City Televisora Nacional in Spanish 2245 GMT 29 Jan 82]

CSO: 3010/736

BRIEFS

ARROWROOT CROP--Kingstown, St Vincent, Tuesday (CANA)--St Vincent's 1981-82 arrowroot crop, reaping of which began here last month, is expected to yield about two million pounds of arrowroot starch, manager of the island's arrowroot industry, Frederick Ollivierre, said today. Mr Ollivierre said the 1980-81 crop had produced 1.6 million pounds of arrowroot starch from about 9,000 acres of land under cultivation. He added that another two to three hundred acres which were put under cultivation for the 1981-82 crop, should yield an additional 0.4 million pounds of starch. The starch produced from the arrowroot rhizomes (tubers) is a very pure form of carbohydrate extracted in a strictly physical process. The bulk of the starch is exported to the United States and Britain and is used in the manufacture of computer papers and in the preparation of pharmaceuticals and cosmetics. The estimated 500,000 pounds used on the local and regional markets is used mainly by householders in recipes. St Vincent is the only country in the world that produces arrowroot starch commercially. [Text] [Bridgetown ADVOCATE-NEWS in English 30 Dec 81 p 7]

CSO: 3025/135

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